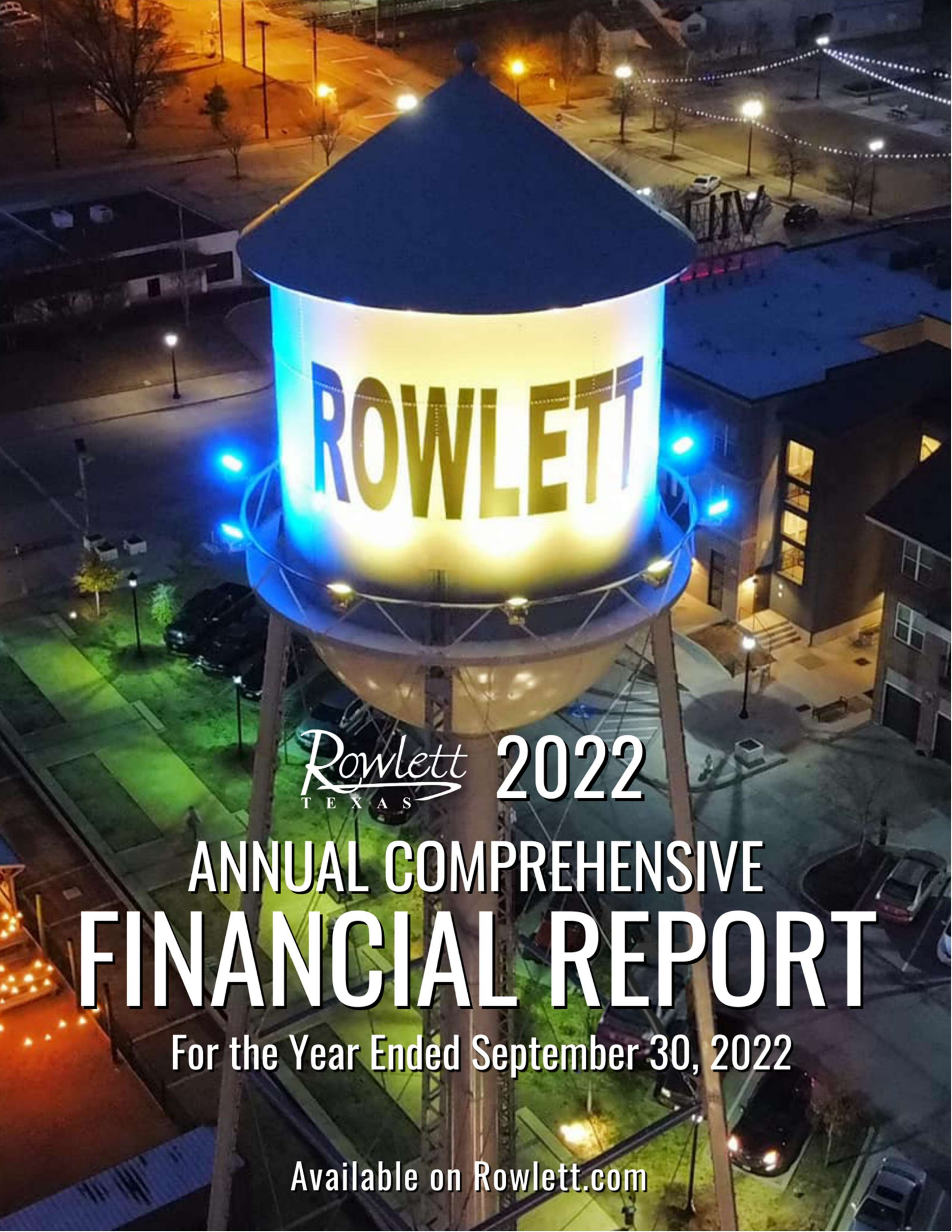

Rowlett TEXAS 2022

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended September 30, 2022

Available on Rowlett.com

City of Rowlett, Texas

Annual Comprehensive Financial Report

For the Fiscal Year Ended
September 30, 2022

Prepared by
Department of Financial Services

Rowlett
TEXAS

City of Rowlett, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2022
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Introductory Section

Rowlett
TEXAS

Mayor ~ Blake Margolis
Mayor Pro Tem ~ Jeff Winget
Deputy Mayor Pro Tem ~
Debra Shinder
City Council ~
Brian Galuardi
Matt Grubisich
Mike Britton
Pamela Bell
City Manager ~ Brian Funderburk

City of Rowlett ~ www.rowlett.com
4000 Main Street Rowlett, TX 75088
Phone ~ 972.412.6100 Fax ~ 972.412.6118

A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. THE place to live, work and play.

February 23, 2023

To the Honorable Mayor, City Council, and Citizens of the City of Rowlett, Texas:

The Department of Financial Services and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report of the City of Rowlett, Texas for the year ended September 30, 2022.

The purpose of the report is to provide the City Council, City staff, Rowlett citizens, bond holders, and other interested parties with detailed information reflecting the financial condition and activities of the City. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We assert that the data, as presented, is accurate in all material respects and is organized in a manner which fairly presents the financial position and results of operations of the City.

City management is responsible for developing a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the assets of the City are protected from loss, theft, or misuse, and for the reliability of financial records when preparing the financial statements and maintaining accountability of assets. The concept of reasonable assurance recognizes that the cost of the control should not outweigh the benefits likely to be derived and that the evaluation of cost and benefit require estimates and judgements by management.

Weaver and Tidwell, L.L.P., an independent firm of certified public accountants, has issued an unmodified ("clean") opinion on the City of Rowlett's financial statements for the year ended September 30, 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A and this letter are complimentary and should be read together.

Profile of the Government

The City of Rowlett is located 20 miles northeast of Dallas. Rowlett rests on two peninsulas reaching out into Lake Ray Hubbard with more than 30 miles of beautiful shoreline. It currently occupies 22 square miles and was the hometown choice to an estimated population of 63,671 for fiscal year 2022.

Rowlett voters approved a home rule charter in 1979 establishing a Council-Manager form of government, empowering the City Council to levy a property tax on both real and personal property located within its boundaries. Under the Council-Manager form of government the Mayor and the City Council establish policy and law, and the City Manager handles day-to-day management of the City organization.

As a representative system, all power is concentrated in the elected City Council. The Council then hires a professionally trained manager to oversee the delivery of public services. This system combines the strong political leadership of elected officials in the form of a council with the managerial experience of an appointed local government manager.

The City Council is elected at-large representing all residents within the City Limits. The Mayor and six Council members serve staggered three-year terms creating a three-year cycle. The mayor and three Council positions are filled in one cycle, three Council positions are selected in the second cycle, and there is no election in the third cycle.

The City Manager is appointed by the City Council and serves as the Chief Executive Officer of the city government. The City Manager is responsible for implementing the policy direction of the City Council in an efficient, effective, responsive, and responsible manner.

A full range of services is provided by the City. These services include general administration, police and fire protection, library services, recreational services, parks maintenance, community development, capital improvements and maintenance, and public utilities. Engineering oversees construction and major capital improvements, and public works provides maintenance of roadways and infrastructure, while public utilities provide water distribution, sewer collection, drainage, and sanitation services. Sewage treatment is provided by the City of Garland, and treated water is provided by the North Texas Municipal Water District (NTMWD). FCC provides sanitation collection services for residential and commercial customers.

The City Council is required to adopt an annual operating budget no later than the beginning of the fiscal year. The process begins with the staff of each department submitting their projections for the upcoming year. The projected expenditures are evaluated and combined with the forecasted revenues to formulate the City Manager's budget. This proposed budget is presented to the governing body. Through subsequent budget meetings and public hearings, a final budget is developed and adopted by the City Council.

The budget is developed on a departmental level and adopted at the fund level. Department management generates monthly reports that detail expenditures and revenues on a departmental and line-item level. This report presents a comparison of budgeted and actual expenditures, providing for the management review of budgetary compliance. Expenditures may not exceed the fund level budget without City Council approval. The City Manager has the authority to make budgetary changes up to the fund level.

It is possible to amend the budget with City Council action to provide for any items that were unforeseen during the regular budget process. Most unexpended appropriations lapse at year-end; however, the City's financial policies specify that funds budgeted for capital purposes automatically carryover into the new year as well as operational purchases encumbered as of the last day of the fiscal year.

Rowlett takes its responsibilities to its citizens seriously and has received numerous accolades over the years. In 2022, Rowlett received several awards from Niche.com including:

- #8 Places with the Best Public Schools in Dallas County
- #66 Most Diverse Suburbs in Texas (Top 16%)
- #110 Best Places for Young Professionals in Texas (Top 27%)
- #113 Best Suburb to Raise a Family in Texas
- Top 10% Best Places to Buy a House in America

Past awards include:

- #3 Most Popular Mid-Size Cities for Home Buying Opportunity – moveBuddha.com (2021)
- #44 Best Small City to Start a Business (in the country) – Go.Verizon.com (2021)

- AARP Age-Friendly Community (2020)
- 8th Fastest-growing City in the Country – US Census Bureau (2019)
- Certified Scenic City – Gold Level – ScenicTexas.org (2019)
- Top 10 City to Retire – US News and World Report (2019)
- #9 Safest City in Texas, 25th percentile in U.S. (population over 50,000) - Safehome.org (2018)
- #41 Safest Cities in Texas - National Council for Home & Security (2018)
- #9 Safest place in Texas – SafeHome (2017)
- 4th City in Texas receiving all 5 Transparency Stars – Texas State Comptroller (2017)
- #3 Safest City in Texas (population over 50,000) – Value Penguin (2016)
- Top 50 Best Small Cities for Families – Nerd Wallet (2015)
- #1 America's Best Small City to Move to – Movoto (2013)
- Top 25 Places to Live – Money Magazine (2010)
- Playful City USA – KaBOOM! (2010-2016)

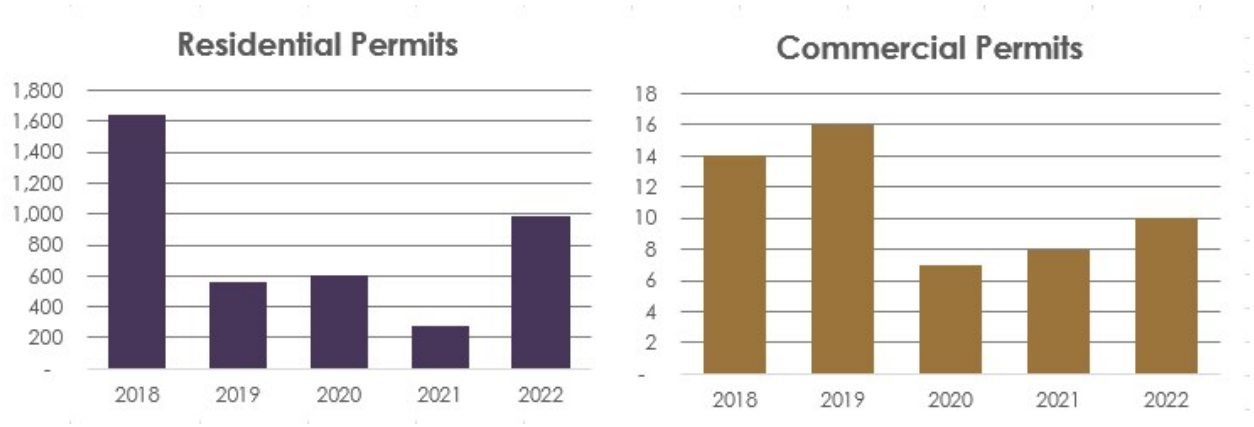
Local Economy

As we recovered from the pandemic environment in 2021, businesses began to boom again, and sales taxes were significantly higher than expected. Rowlett continues to grow in 2022 with more new retail and restaurant projects, a new hotel, and a new fitness center. A NAPA Auto Parts location and a Five Below are just two of the new retail outlets within the City. A few of the new eateries in town include Ephesus Bistro and Grill, Hawaiian Bros Island Grill, Salad & Go, Hacienda del Centro, and the Cheese Steak House, along with many more! The City also opened a Home2Suites by Hilton in the Bayside District, located on the north side of Interstate 30 at Dalrock Road, as well as a Planet Fitness on Lakeview Parkway.

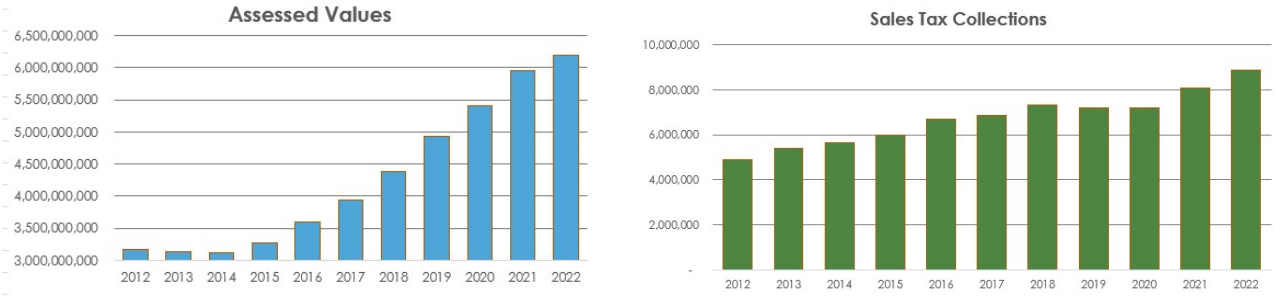
Despite the pandemic and its impact, economic development is ongoing within the City, continuing to make it an incredible time to live in Rowlett. Construction at Sapphire Bay progresses with the site work, utilities, and initial vertical structures for this $1 billion dollar project.

When complete, Sapphire Bay will provide recreational amenities such as a Surf and Beach Club and a lagoon amenity; public amenities such as a conference center; and world class facilities such as a resort operated by Hyatt's Destination Hotels brand, a marina, and retail/office space. New businesses in Sapphire Bay will provide the types of employment opportunities in retail and entertainment not yet experienced in Rowlett.

New construction added to the tax rolls decreased in FY2022 (for FY2023 collections) by $6.4 million or 4.8% when compared to FY2021 (for FY2022 collections). Residential building permits in Rowlett soared in 2022, increasing to 989 from 280 in 2021, primarily due to a substantial spike in multi-family housing permits. Commercial permits increased from 8 in FY2021 to 10 in FY2022.



Rowlett has experienced significant increases in its property tax values over the past few years. The FY2022 taxable property values (2021 tax levy) increased only 4.0% over FY2021 due to an unusual reduction in number of properties reassessed for the tax year. However, based on the 2022 certified tax levy, the City will experience an increase of 16.5% due to significant property valuation increases, along with the Texas Tax Code requirement that all properties be reappraised at least once every three years. Sales tax collections reflected positive economic growth as the City saw a 9.5% increase over previous year collections.



Rowlett's unemployment rates continued to drop in 2022 to 3.3% from 4.1% the previous year. In comparison, the State of Texas reports an average of 4.0%, and the national average declined to 3.5%. Rowlett's median household income is $102,965 with 35.7% of its residents holding at least a bachelor's degree, compared to the national average of $69,021 and 33.7%, respectively.

Relevant Financial Policies

The City has established reserve policies for its operating funds as follows:

Fund Type	Reserve Balance Requirement
Governmental	
General Fund	25%
Golf Fund	One Year Debt Service
Proprietary	
Water and Sewer Fund	90 Days Net Operating Expenses
Drainage Fund	10%
Refuse Fund	5%

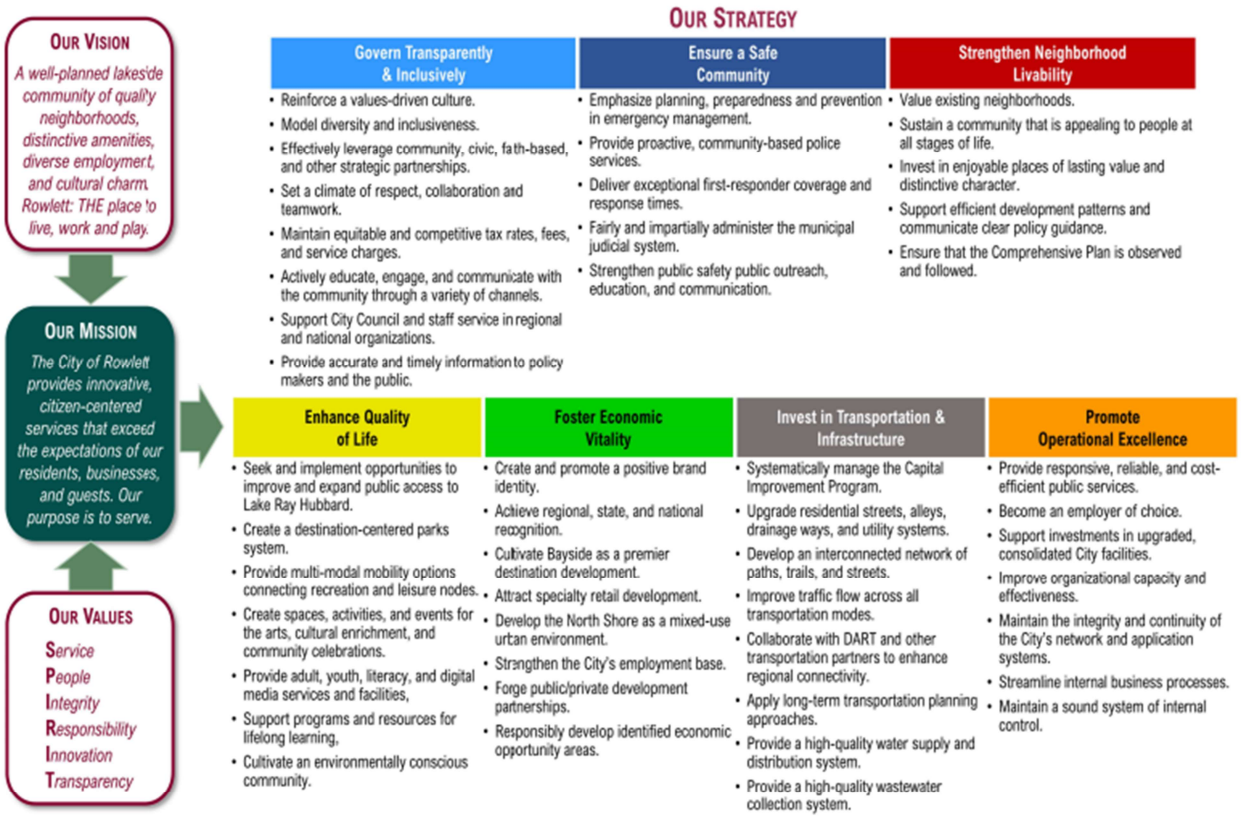
The City's ability to maintain adequate reserves is critical to allowing flexibility in budgeting and responsiveness to unforeseen short-term economic conditions. The City is proud to report that reserve balance levels have been met or exceeded in all funds as required.

Long-Term Financial Planning

Long-term planning, responsiveness to changing economic conditions, and community needs are key factors in maintaining Rowlett's fiscal health. Through the ongoing maintenance of The Strategic Plan, a Five-Year Capital Improvement Plan and five-year financial models, the City can maximize opportunities, establish priorities, and develop funding sources to ensure organizational sustainability while minimizing the effects of growth on the tax rate. Additionally, the City conducts an annual water rate study which includes 10-year projections for the Utility Fund financial and infrastructure stability along with fair rates for customers.

The City adopted a strategic plan in September 2018 that continues to serve as a guide for the City's annual initiatives and budget decisions, and city staff develops annual operational plans to guide the organization in the execution of the plan. This effort involves the preparation of specific objectives and initiatives necessary to accomplish the identified strategic goals consistent with the organization's mission and values and continue to make Rowlett the place to live, work, and play.

The seven strategic priorities (next page) are the foundation of Rowlett's strategic plan, and program priorities are reviewed annually. The strategic plan is scheduled to be updated every five years, with the next update planned for FY2024.


Our Vision
A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. Rowlett: THE place to live, work and play.
Our Mission
The City of Rowlett provides innovative, citizen-centered services that exceed the expectations of our residents, businesses, and guests. Our purpose is to serve.
Our Values
Service
People
Integrity
Responsibility
Innovation
Transparency
Our Strategy
Govern Transparently & Inclusively
Reinforce a values-driven culture.
Model diversity and inclusiveness.
Effectively leverage community, civic, faith-based, and other strategic partnerships.
Set a climate of respect, collaboration and teamwork.
Maintain equitable and competitive tax rates, fees, and service charges.
Actively educate, engage, and communicate with the community through a variety of channels.
Support City Council and staff service in regional and national organizations.
Provide accurate and timely information to policy makers and the public.
Ensure a Safe Community
Emphasize planning, preparedness and prevention in emergency management.
Provide proactive, community-based police services.
Deliver exceptional first-responder coverage and response times.
Fairly and impartially administer the municipal judicial system.
Strengthen public safety public outreach, education, and communication.
Strengthen Neighborhood Livability
Value existing neighborhoods.
Sustain a community that is appealing to people at all stages of life.
Invest in enjoyable places of lasting value and distinctive character.
Support efficient development patterns and communicate clear policy guidance.
Ensure that the Comprehensive Plan is observed and followed.
Enhance Quality of Life
Seek and implement opportunities to improve and expand public access to Lake Ray Hubbard.
Create a destination-centered parks system.
Provide multi-modal mobility options connecting recreation and leisure nodes.
Create spaces, activities, and events for the arts, cultural enrichment, and community celebrations.
Provide adult, youth, literacy, and digital media services and facilities,
Support programs and resources for lifelong learning,
Cultivate an environmentally conscious community.
Foster Economic Vitality
Create and promote a positive brand identity.
Achieve regional, state, and national recognition.
Cultivate Bayside as a premier destination development.
Attract specialty retail development.
Develop the North Shore as a mixed-use urban environment.
Strengthen the City's employment base.
Forge public/private development partnerships.
Responsibly develop identified economic opportunity areas.
Invest in Transportation & Infrastructure
Systematically manage the Capital Improvement Program.
Upgrade residential streets, alleys, drainage ways, and utility systems.
Develop an interconnected network of paths, trails, and streets.
Improve traffic flow across all transportation modes.
Collaborate with DART and other transportation partners to enhance regional connectivity.
Apply long-term transportation planning approaches.
Provide a high-quality water supply and distribution system.
Provide a high-quality wastewater collection system.
Promote Operational Excellence
Provide responsive, reliable, and cost-efficient public services.
Become an employer of choice.
Support investments in upgraded, consolidated City facilities.
Improve organizational capacity and effectiveness.
Maintain the integrity and continuity of the City's network and application systems.
Streamline internal business processes.
Maintain a sound system of internal control.

The Strategic Plan was instrumental in the development of the FY2023 Adopted Budget, considering available resources and allocating revenues to the highest strategic priorities identified in the plan. The FY2023 Adopted Budget reflects the City's commitment to growth, as appropriations increased $15.5 million, or 11.5%, compared to the FY2022 Adopted Budget.

The primary factors of financial significance are outlined below:

- Increased personnel costs.
  - Pay plan and merit costs will increase, along with associated benefits and changes to overtime costs. The City-wide pay scale will increase to within 0.5% of the average of all surveyed cities' salaries. All non-public safety, open range employees will receive a 3.5% adjustment and be eligible for up to a 2.5% performance-based merit adjustment. Both the police and fire pay plans will increase 9%, along with their annual step-pay plan increases, to bring salaries into ranges competitive with other area cities. These increases for both open range and public safety employees are part of a three-year plan to bring all non-public safety employee salaries to 3% above market and 5% above market for public safety positions.
  - Addition of nine new positions, including eight new police officers:

FY2023 Staffing Additions	FTEs	Cost
Finance: Debt & Treasury Manager	1.00	$116,882
Police: Police Officer	8.00	756,298
Total	**9.00**	**$873,180**

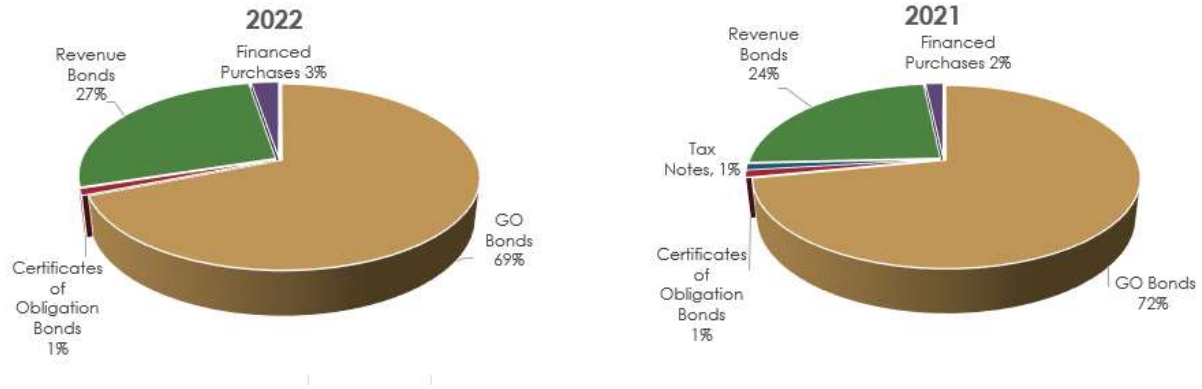
- Allocations for major street and alley repairs and improvements.
- Allocations for public safety needs.
- Allocations for park improvements.

The Water and Sewer Enterprise Fund must adjust with the economic climate for the FY2023 budget year, as North Texas Municipal Water District (NTMWD) water rates increased over 13%, nearly twice the rate increase originally communicated. Additionally, the City's refuse rate will increase by $0.67 per month for residential customers with one polycart, with similar increases for commercial accounts, depending upon the size of dumpsters and frequency of collection.

The Five-Year Capital Improvement Plan (CIP) totals $109.5 million and consists of a comprehensive list of carefully selected and coordinated capital improvement and maintenance projects for streets, water and wastewater infrastructure improvements, facilities, public safety, parks and recreation, and capital equipment. All investments are necessary to accomplish Rowlett's long-range goals and are balanced against realistic revenue projections as well as staff capacity. The CIP also addresses the recommendations of the Community Investment Advisory Board (CIAB), implementing the projects approved in the FY2021 bond election.

As a continuation of the three-year bonding strategy, the City plans to propose a 2024 General Obligation Bond Referendum to the citizens. As with other recent bond elections, the CIAB will gather information regarding community needs, citizen desires, and service expansion. The issuance of these bonds will provide a steady debt service tax rate. This is possible due to declining debt, increasing values, and new construction added to the tax rolls. At September 30, 2022, the City had various debt issues including bonds and financed purchases totaling $149.9 million exclusive of premiums, discounts, or deferred losses. Of this total, $105.2 million is supported by a combination of ad valorem taxes and governmental operations. Revenues from the enterprise funds support $44.7 million, including $3.7 million for the enterprise portions of general obligation refundings.

As of September 30, 2022, the breakdown of outstanding debt by type is as follows:



As of September 30, 2022, Rowlett's bond ratings are as follows:

	General Obligation & Certificates of Obligation	Revenue Bonds
Standard & Poor's	AA	AA-
Moody's Investor Service	Aa2	Aa3

Major Initiatives

For the Year: In May 2021, Rowlett voters approved a $21.785 million general obligation bond program that includes funding for paving and drainage improvements and public safety without increasing the tax rate. The election covered three propositions, including Proposition A in the amount of $19.499 million for paving and drainage, Proposition B in the amount of $7.365 million for park and trails improvements and a recreational facility, and Proposition C in the amount of $2.286 million for public safety improvements. Proposition A and C were approved by voters while Proposition B did not pass. To keep pace with the construction efforts, the City issued $10 million in FY2021, $4.2 million in FY2022, and will issue the remainder of the $21.785 million approved in FY2023. The City also issued $7.6 million in Waterworks and Sewer System Revenue Bonds for water and sewer improvements.

The City made investments in major construction projects and acquisitions during FY2022, including $1.65 million in sewer improvements, $2.1 million in street improvements, $1.8 million for public safety and public works vehicles, $2.1 million for machinery and equipment for various city departments, $1 million in water improvements, and $0.5 million in drainage improvements.

For the Future: In addition to the planned bond election in 2024, the City is also considering a bond election in 2023 to upgrade City facilities, specifically public safety buildings, the animal shelter, and Herfurth Park.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA), a $1.9 trillion economic stimulus package designed to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. The plan included direct payments to individuals, businesses, and government.

The American Rescue Plan differed from the previous economic stimulus bill in that it allowed federal relief funds to be sent directly to state and local governments of all sizes, but it still placed some restrictions on how the money could be spent. The amount of money each town or city received was dependent on the size of the community. Of the total $61.5 billion set aside for local governments, $45.6 billion was distributed to cities with 50,000+ community members, with the remaining $19.53 billion going to towns and cities with less than 50,000 constituents.

The City of Rowlett received a total of $6.9 million in two tranches during FY2021 and FY2022. The City elected to use the standard allowance of up to $10 million revenue loss, freeing up the $6.9 million for Council to allocate without Federal restrictions.

On August 22, 2022, the City Council determined that the funds would be allocated as shown in the table below.

Project	Cost	Scope
Generators for Lift Stations	$1,741,334	Install generators at all lift stations originally built without one to improve the resiliency and reliability of the system
Contingency Reserves	1,500,000	Landmine planning
Waterline Looping	990,517	Install water pipe to eliminate dead end water lines and to improve drinking water quality and increase the resiliency and reliability of the system
Fiber Discovery and Reconfiguration	350,000	Assess fiber optic network and reconfigure to improve failover
Senior Accountant – Grant Administration	300,000	Covers personnel cost of Senior Accountant administering federal funds awarded for COVID19 assistance
24 Network Switches	170,130	Replace aging network switches that connect all buildings to broadband
COVID Vaccine	166,152	Employee incentive to encourage employees to be vaccinated
Fiber to Community Park	150,000	Connect Community Park to broadband
Communications Center Reconfiguration	115,000	Upgrades to allow an additional workspace and new equipment for police & fire communications officers
Fiber to Emergency Sirens	100,000	Run broadband connections to all emergency sirens to create better redundancy and failover
Fiber to Sapphire Bay	100,000	Run broadband connection to Fire and Police substation at Sapphire Bay
Communication Center 911 Upgrade	78,201	Upgrades to 911 system. Total cost estimated at $678,202. Applied for grant to cover $600,000, ARPA funding needed to cover the balance
Firewall Technology	75,000	Upgrade firewalls to increase protection to network and data
Child Exploitation and Cyber Investigation Program	63,000	Assist in obtaining tools and training to combat child exploitation and cyber crimes
Increase Bandwidth for City's Internet Connection	51,600	Increase bandwidth from 500MB and 100MB to 1GB and 500 GB (annual recurring cost)
Library Hot Spots	28,800	Add to the Library's current array of wi-fi hotspots to assist with bridging the digital divide; enable patrons to check out more of Library's electronic materials and access electronic databases and services
Library Self-Checkout	8,000	Replace Library self-checkout machines that are outdated and no longer supported by the technology provider
8 Police Officers One-Time Costs and 2 Vehicles	289,127	8 police officers' one-time costs and 2 vehicles

Project	Cost	Scope
RCC Generator Quick Connect	75,000	RCC Generator Quick Connect
Cost Overruns	500,000	Funding to cover any shortfalls
Total	**$6,851,861**	

Infrastructure work at Sapphire Bay is nearing completion. Construction began on the first projects in 2022, and when complete, Sapphire Bay will be a unique 117-acre mixed use surf-and-beach-based waterfront. The total build-out is anticipated to include 1.4 million square feet of commercial space and 1,600 residential units. Sapphire Bay is projected to add well over $1 billion in new taxable value, resulting in nearly $165 million in revenue from property, sales, and hotel occupancy taxes over the next 17 years. This will require additional investment in public safety that will be located at Sapphire Bay. A new fire station with a police substation component is expected to cost approximately $12 million or more, and the annual recurring costs could range from $2.1 million to $3.5 million depending upon whether we have a single- or dual-company house, not including police staff. We do not yet know the optimal setup to serve Sapphire Bay. Its character, sheer density, type and nature of buildings, amenities and entertainment venues are truly unique and will require unique responses. The funding is anticipated to be realized from the tax revenue generated from the site itself although the City will have to prefund some of the capital costs. The City will have several options to help with the initial cost burden, including federal grant funds such as Staffing for Adequate Fire & Emergency Response (SAFER). In addition to revenue from the site, Sapphire Bay has conveyed one acre for the Public Safety facility. Finally, although the addition of staff can be transitioned over a period of time as Sapphire Bay develops from phase one to its expected 8-10 year buildout, some costs will need to be addressed in the early years.

Rowlett's North Shore offers 1,000 acres of highly visible property with direct access to the President George Bush Turnpike (PGBT) in a regional center within the Dallas-Fort Worth Metroplex. The strategic location of North Shore is intended to accommodate the vertical integration of land uses and building types to facilitate and support an employment base. It is projected to add nearly $700 million in new taxable value, resulting in nearly $110 million in revenue from property, sales and hotel occupancy taxes over the next 20 years based on the economic forecasting completed as part of the City's 2019 Comprehensive Plan update. Finally, TIRZ #4 was finalized in December 2022 to create another tool to assist in funding public infrastructure projects within the district.

Lakeview Business District is the first commercial project approved within North Shore Employment Center and is planned to be a 171-acre mixed-use development with over 1.6 million square feet on the east side of PGBT. This $165 million development is projected to add over 1,000 jobs and will result in $38 million in benefits to the City over a period of 20 years.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Rowlett for its Annual Comprehensive Financial Report for the fiscal year ended 2021. This is the eighteenth consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfies both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. The City believes its current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget for the fiscal year beginning October 1, 2021. To receive this award, a governmental unit must publish a budget document that meets program criteria of a policy document, an operations guide, a financial plan, and a communication device.

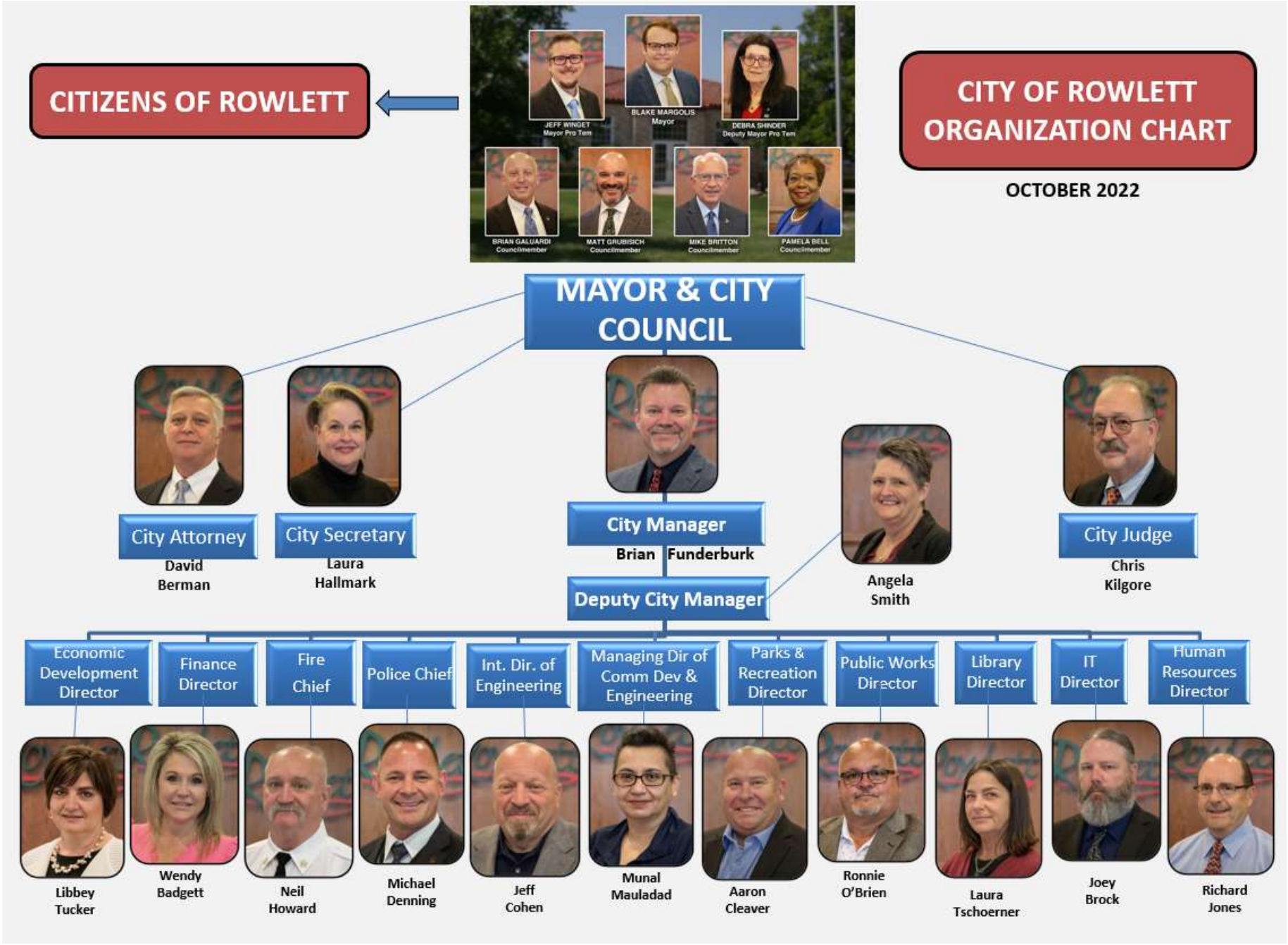
The preparation of this report would not have been possible without the dedicated service of the entire staff of the Financial Services Department. We wish to express our appreciation to all members of the department. We would also like to thank the Mayor and City Council members for their interest and trustworthy support, for maintaining the highest standards of professionalism in the management of the City of Rowlett and for conducting the financial operations in a responsible and progressive manner.

Respectively submitted,

Brian Funderburk
City Manager

Wendy Badgett
Finance Director

ORGANIZATION CHART



City of Rowlett

List of Principal Officials

CITY COUNCIL

Blake Margolis ..... Mayor
Jeff Winget ..... Mayor Pro-tem
Debra Shinder ..... Deputy Mayor Pro-tem
Brian Galuardi ..... Councilmember
Matt Grubisich ..... Councilmember
Mike Britton ..... Councilmember
Pamela Bell ..... Councilmember

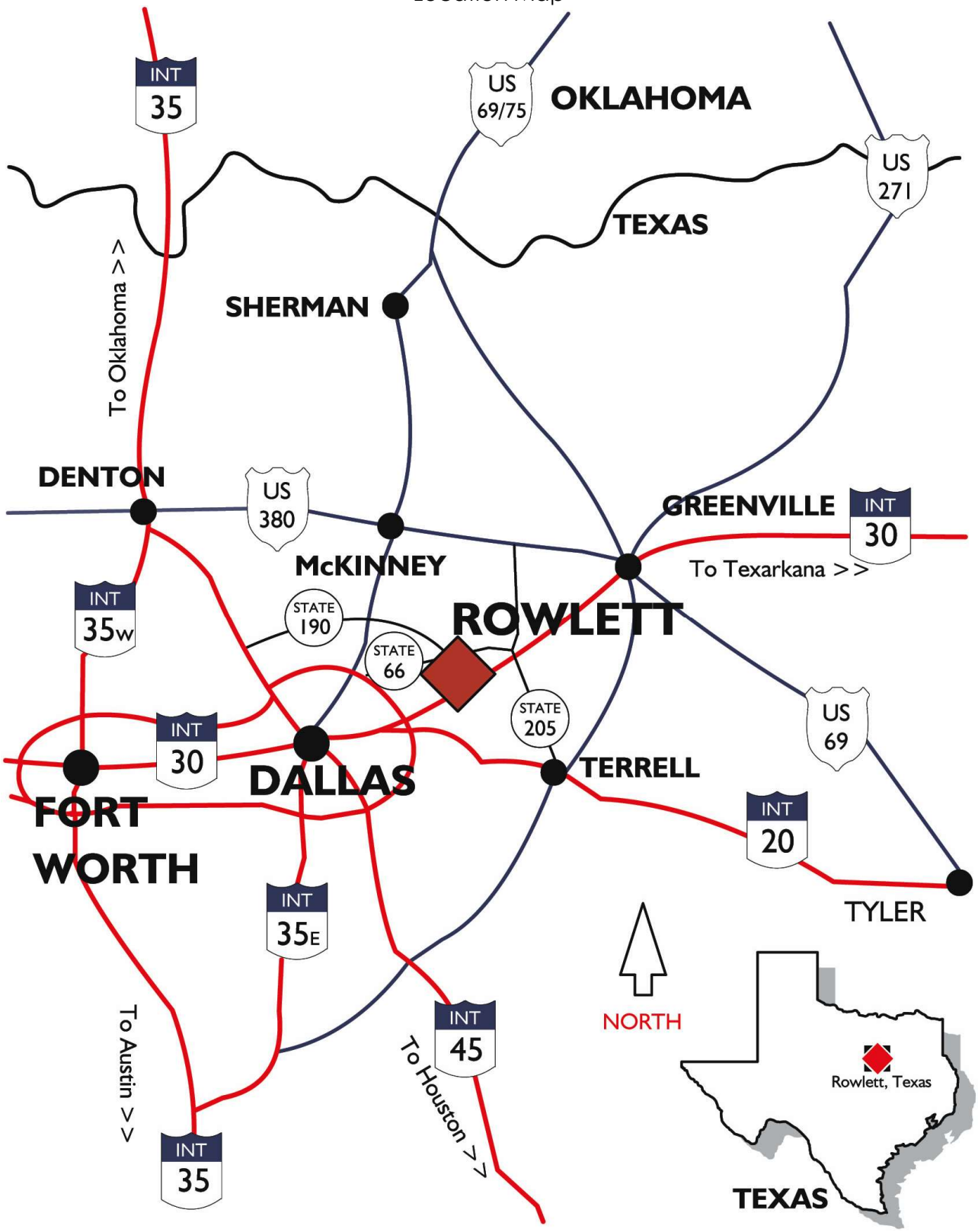
APPOINTED OFFICIALS

Brian Funderburk ..... City Manager
David Berman ..... City Attorney
Laura Hallmark ..... City Secretary
Chris Kilgore ..... City Judge

MANAGEMENT TEAM

Angela Smith ..... Deputy City Manager
Libbey Tucker ..... Economic Development
Wendy Badgett ..... Financial Services
Neil Howard ..... Fire Rescue
Aaron Cleaver ..... Parks and Recreation
Munal Mauladad ..... Community Development and Engineering
Michael Denning ..... Police
Richard Jones ..... Human Resources
Ronnie O'Brien ..... Public Works
Laura Tschoerner ..... Library
Joey Brock ..... Information Technology
Jeff Cohen ..... Engineering

City of Rowlett
Location Map



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Rowlett
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morrill

Executive Director/CEO

Rowlett
TEXAS

Financial Section

Rowlett
TEXAS

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended September 30, 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report (ACFR)

Management is responsible for the other information included in the ACFR. The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2023

Rowlett
TEXAS

Management's Discussion and Analysis

Rowlett
TEXAS

Management's Discussion and Analysis

Our discussion and analysis of the City of Rowlett's financial performance provides an overview and analysis of the City's financial activities for the fiscal year ended September 30, 2022. Please read it in conjunction with the accompanying transmittal letter and the accompanying basic financial statements. All amounts are expressed in millions of dollars unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by $254 million (net position), as of September 30, 2022. Of this amount, $178 million (70%) is net investment in capital assets and $20 million (8%) is restricted for specific purposes. The remaining $56 million (22%) is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designation and fiscal policies.
- The City's net position of governmental activities increased by $18.3 million. Property tax revenues are higher over the prior year by $2 million because of higher assessed property values. Sales tax increased by $0.8 million over the prior year as well. Charges for services increased $2.5 million due to an increase in building permits, ambulance fees, impact fees, and inspection fees. Operating grants and contributions along with capital grants increased over the prior year by $7.5 million and $0.8 million, respectively. Investment income increased by $0.6 million and franchise fees increased by $0.3 million. Expenses increased by $2.7 million primarily due to an increase in personnel costs and additional staff along with an increase in grant expenses for the SAFER grant. Most of the grant expenses were offset by revenues.
- As of September 30, 2022, the City's governmental funds reported combined ending fund balances of $96.9 million, an increase of $7.1 million when compared to the prior year. With expenditures exceeding revenues by $0.9 million, this increase was primarily due to $4.4 million in net bond proceeds and $1.4 million in financed purchases proceeds. Within total fund balance, $60.9 million (62%) is restricted by specific legal requirements, $14.3 million (15%) is assigned to specific types of expenditures, and $0.3 million (1%) is non-spendable as it relates to prepaids and inventories. The remainder of the fund balance, $21.4 million (22%), is unassigned in the general and special revenue funds. The $21.5 million unassigned fund balance in the general fund is approximately 43% of total general fund expenditures.
- The City's outstanding debt increased $0.1 million and consisted of the issuance of $4.2 million in general obligation debt and $7.6 million in revenue bonds offset by existing debt retirements.

Overview of the Financial Statements

Management's discussion and analysis is intended to serve as an introduction to the City of Rowlett's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner resembling private-sector businesses.

The statement of net position presents information on the City's assets and deferred outflows along with its liabilities and deferred inflows with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Rowlett is improving or deteriorating. The statement of net position combines and consolidates governmental and business type funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations. While helpful, other non-financial factors should also be taken into consideration, such as changes in the City's property tax base and the condition of the City's infrastructure (i.e., roads, drainage improvements, storm and sewer lines, etc.), to assess the overall health or financial condition of the City.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. The current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave).

In the statement of net position and the statement of activities, the City is divided into two types of activities:

- Governmental activities – Most of the City's basic services are reported here, including the police, fire, libraries, community development, recreation operations, public works, and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- Business-type activities – The City charges fees to customers to fund all or most of the cost of certain services it provides. The City's water and sewer system, refuse system, and municipal drainage system are reported here.

The government-wide financial statements can be found on pages 23-25 of this report.

Fund Financial Statements – A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rowlett maintains fifteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are major funds. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental funds financial statements can be found on pages 26-29 of this report.

Proprietary funds – The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations, refuse services, and municipal drainage. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for its self-insurance program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer, refuse, and drainage funds since they are all considered to be major funds of the City. The internal service fund is presented in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 30-34 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 35-36 of this report.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 39-74 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension and health benefits to its employees and retirees.

The required supplementary information can be found on pages 77-86 of this report.

Other supplementary information and the combining statements referred to earlier in connection with non-major governmental funds can be found on pages 88-93 of this report.

Government-Wide Financial Analysis

Over time, net position may serve as a useful indicator of a government's financial position. The City's combined net position was $254 million as of September 30, 2022.

CITY OF ROWLETT'S NET POSITION
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Current and other assets	$ 114,238	$ 102,616	$ 64,363	$ 53,054	$ 178,601	$ 155,670
Capital assets	147,726	141,006	119,150	119,153	266,876	260,159
Total assets	261,964	243,622	183,513	172,207	445,477	415,829
Deferred outflows	4,566	4,235	1,625	1,642	6,191	5,877
Current liabilities	6,381	9,726	3,026	3,235	9,407	12,961
Noncurrent liabilities	121,484	131,754	48,087	44,624	169,571	176,378
Total liabilities	127,865	141,480	51,113	47,859	178,978	189,339
Deferred inflows	17,632	3,623	1,264	721	18,896	4,344
Net position:						
Net investment in capital assets	82,363	78,581	95,392	94,944	177,755	173,525
Restricted	15,084	11,973	5,200	4,533	20,284	16,506
Unrestricted	23,586	12,200	32,169	25,792	55,755	37,992
Total net position	$ 121,033	$ 102,754	$ 132,761	$ 125,269	$ 253,794	$ 228,023

By far, the largest portion of the City's net position (70%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure) less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens.

Accordingly, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (22%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City can report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior fiscal year.

The City of Rowlett's overall net position increased by $25.8 million during the current fiscal year. Details are listed below and discussed on the following pages.

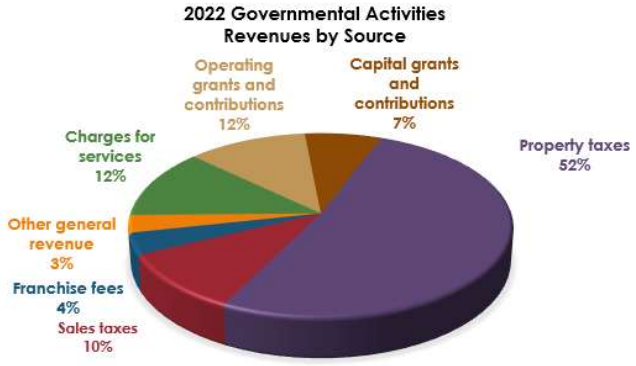
CITY OF ROWLETT'S CHANGES IN NET POSITION

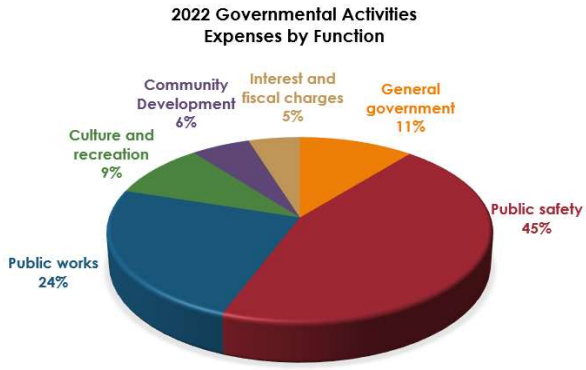
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues						
Charges for services	$ 10,414	$ 7,884	$ 42,489	$ 40,321	$ 52,903	$ 48,205
Operating grants and contributions	9,774	2,245	-	-	9,774	2,245
Capital grants and contributions	6,257	5,410	3,824	3,763	10,081	9,173
General revenues						
Property taxes	43,882	41,952	-	-	43,882	41,952
Sales taxes	8,856	8,089	-	-	8,856	8,089
Other taxes	436	215	-	-	436	215
Franchise fees	3,194	2,867	-	-	3,194	2,867
Investment income	613	49	301	19	914	68
Gain on sale of assets	-	-	-	-	-	-
Other	1,563	1,965	60	14	1,623	1,979
Total revenues	84,989	70,676	46,674	44,117	131,663	114,793
Expenses						
General government	7,408	7,691	-	-	7,408	7,691
Public safety	30,304	27,444	-	-	30,304	27,444
Public works	16,261	17,095	-	-	16,261	17,095
Culture and recreation	6,429	5,943	-	-	6,429	5,943
Community development	3,814	3,222	-	-	3,814	3,222
Interest on long-term debt	3,316	3,442	-	-	3,316	3,442
Water and sewer	-	-	29,648	29,004	29,648	29,004
Refuse	-	-	6,568	6,582	6,568	6,582
Drainage	-	-	2,144	1,589	2,144	1,589
Total expenses	67,532	64,837	38,360	37,175	105,892	102,012
Increase in net position before transfers	17,457	5,839	8,314	6,942	25,771	12,781
Transfers	822	1,675	(822)	(1,675)	-	-
Increase in net position	18,279	7,514	7,492	5,267	25,771	12,781
Net position, beginning	102,754	95,240	125,269	120,002	228,023	215,242
Net position, ending	$ 121,033	$ 102,754	$ 132,761	$ 125,269	$ 253,794	$ 228,023

Governmental Activities

Governmental activities increased the City's net position by $18.3 million. Net investment in capital assets increased $3.8 million, and restricted net position increased $3.1 million. Unrestricted net position increased by $11.4 million as a result of operations.





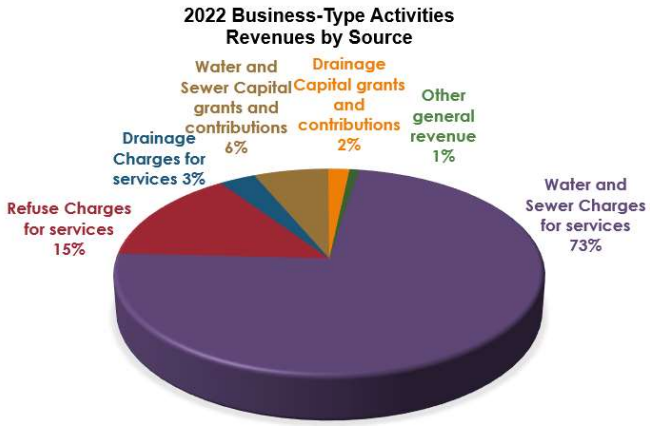
Total revenues for governmental activities, excluding transfers, were $85 million in fiscal year 2022, up $14.3 million from the previous year. The most significant revenue source is property tax revenue which represents $43.9 million or 52% of the total. The key elements of the revenue increase are as follows:

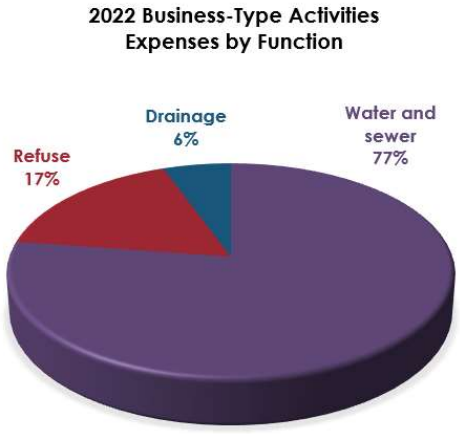
- In Program Revenues, operating grants and contributions increased $7.5 million primarily due to federal funding received from the American Rescue Plan Act (ARPA) and other federal grants in fiscal year 2022. Capital grants and contributions increased $0.9 million primarily due to developer contributions for construction related to Merritt Villas Phase 1, Canterbury Cove, and Bayside PID South (Sapphire Bay) Improvement Area and various other projects that were received in fiscal year 2022. Charges for services also increased $2.5 million primarily due to an increase in building permits related to large projects that include One90 Main apartments and Sapphire Bay apartment projects. The increase in charges for services is also due to a combination of an increase in impact fees, ambulance fees, and inspection fees.
- In General Revenues, property taxes increased $1.9 million due to a 9.8% increase in certified taxable value over the prior year along with an increase in sales tax collections of $0.8 million. Franchise fees increased $0.3 million mostly due to a payment received for gas franchise fees related to the 2021 winter storm. Other tax revenues increased by $0.2 million due to an increase in short term rental revenues and hotel tax revenues. Investment earnings were also up by $0.6 million in fiscal year 2022.
- The increases were offset by a decrease in miscellaneous revenue in the amount of $0.4 million due largely in part to a refund received in fiscal year 2021 for expenses related to the Coronavirus pandemic and the winter storm.

Overall, governmental activities expenses were $67.5 million in fiscal year 2022, up $2.7 million primarily because of an increase in personnel costs that included merit, step increases, and pay plan adjustments along with the addition of 14.5 employees. The most significant governmental expense for the City was providing public safety for the community, which equaled $30.3 million, or 45% of total expenses. Public safety expenses are partially offset by revenues collected from a variety of sources, with the largest being from court fines totaling $0.5 million.

Business-type Activities

Business-type activities increased the City's net position by $7.5 million. Net investment in capital assets increased $0.4 million from FY2021. Restricted net position increased $0.7 million and unrestricted net position increased $6.4 million.


2022 Business-Type Activities
Revenues by Source
Water and Sewer Capital grants and contributions 6%
Drainage Capital grants and contributions 2%
Other general revenue 1%
Drainage Charges for services 3%
Refuse Charges for services 15%
Water and Sewer Charges for services 73%



Revenues of the City's business-type activities were $46.7 million for the fiscal year ending September 30, 2022, up $2.6 million from the prior year. Total operating expenses for the City's business-type activities were $38.4 million, up $1.2 million when compared to the prior year. The breakdown of these fluctuations are as follows:

- The City's water and sewer system accounts for 80% of the business-type program revenues and 77% of the business-type expenses. The water and sewer activity operated with charges for services exceeding expenses by $4.7 million. Charges for services revenues increased over the prior year by $1.9 million because of a 14.7% increase in customer water usage mostly due to less than normal rainfall. At $14.1 million, or 47.5% of total expenses, water supply and wastewater treatment costs are the most significant expense of this fund. The fund also received $1.8 million in developer contributions and $1.1 million in impact fees.
- The City's refuse activity operated with charges for services exceeding expenses by $0.3 million, consistent with prior year activity.
- The City's drainage activity operated with expenses exceeding charges for services by $0.7 million. At 55% of total expenses, the largest cost to the drainage activity is depreciation, at $1.2 million for the current year.

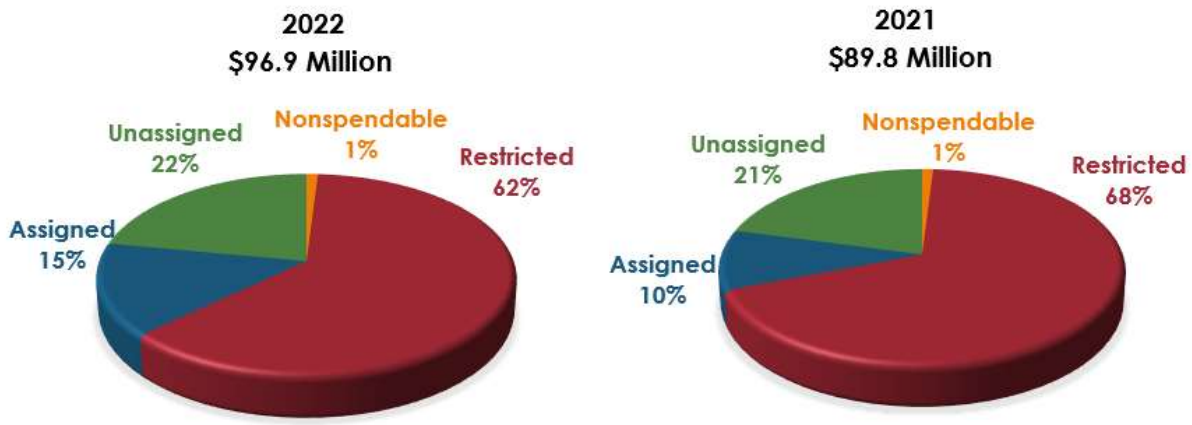
Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds: The focus of the City's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending in the next fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $96.9 million. Within this total, $0.3 million is non-spendable for prepaid and inventories, $60.9 million is restricted by specific legal requirements, such as debt covenants, capital projects and specific purposes, and $14.3 million has been assigned to specific types of expenditures.

The remainder of the fund balance, $21.4 million or 22%, constitutes unassigned fund balance of $21.5 million in the general fund and a deficit fund balance of $0.1 million in the grant fund.



The general fund is the chief operating fund of the City. The net change in fund balance for the general fund was an increase of $4.3 million for the current year. Key factors in this increase are as follows:

- Revenues increased $11.5 million largely due to federal funding received in the amount of $6.9 million related to ARPA. Property taxes increased $2 million based on higher certified taxable values, and sales tax increased $0.8 million. Licenses and permits also increased $0.7 million due to an increase in building permits mainly attributable to large projects that include One90 Main apartments and Sapphire Bay apartment projects. Charges for services increased $0.8 million due to revenues received for inspection fees related to the Trails at Cottonwood Creek and revenues received for ambulance services. The increase in ambulance revenues was driven by a higher volume of call responses as well as an increase in payments covered by medical insurers versus the lower private pay rates. Franchise fees also increased by $0.3 million mostly due to fees related to the 2021 winter storm.
- Other financing sources and uses decreased by $6.9 million mostly due to an increase in transfer to other funds for various projects.
- Expenditures increased by $5.7 million. Current operating expenses increased $3.7 million, primarily due to salary increases and the addition of 14.5 employees. Capital outlay increased $1.5 million mostly due to the purchase of a ladder truck with funds from financed purchases proceeds along with the implementation of GASB 87, which requires the City to include any right-to-use asset of another entity in capital outlay expense. Debt service expense related to financed purchases also increased in fiscal year 2022 by $0.5 million.

The debt service fund has a total fund balance of $2.2 million, most of which is legally restricted for the payment of debt service and a non-spendable amount of $12 thousand for prepaid items. The fund balance increased over the prior year by $0.5 million due to an increase in property tax values.

The capital projects fund has a total fund balance of $50.6 million, most of which is restricted or assigned for the acquisition or construction of capital facilities and assets and a non-spendable amount of $75 thousand that represents inventories. The capital projects fund expended $13.7 million in fiscal year 2022, a decrease of $2.1 million over the prior year primarily due to capital maintenance projects that were delayed in fiscal year 2020 and completed in fiscal year 2021 due to the Coronavirus pandemic.

Proprietary Funds: The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

- Net position of the City's water and sewer fund is $104.2 million, of which $70.8 million is net investment in capital assets, $5.2 million is restricted for debt service, and $28.2 million is unrestricted. The fund's net position increased $7.1 million in the current year. As noted earlier in the discussion of business-type activities, charges for services revenues increased over the prior year by $1.9 million due to a 14.7% increase in customer water usage mostly due to less than normal rainfall. Additionally, capital contributions related to the Bayside PID South (Sapphire Bay) Improvement Area, Sapphire Bay Townhomes, Canterbury Cove, and Merritt Villas Phase 1 totaling $1.8 million were recorded and $1.1 million in impact fees were recorded. The water and sewer system expenses increased $0.6 million primarily due to increased water supply costs in the amount of $0.3 million and $0.3 million in increased maintenance costs.
- Net position of the City's refuse fund is $0.8 million, all of which is unrestricted. Change in net position for the refuse fund was an increase of $0.3 million due to an increase in service charge revenues.
- Net position of the City's drainage fund is $27.7 million, of which $24.6 million is net investment in capital assets and $3.1 million is unrestricted. Net position for the drainage fund increased $81 thousand due to increased service charges revenues received.

General Fund Budgetary Highlights

Original budget compared to final budget: The adopted general fund budget was amended by Council in FY2022 to reflect increased revenues as a result of higher-than-expected property tax and sales tax revenues that were $0.3 million higher than the original adopted budget. Revenues were also amended by $6.9 million to reflect both tranches the City received from the American Rescue Plan Act. The expenditure budget was also amended by $0.3 million for equipment not covered by a grant related to nine new firefighters and an increase in financed purchases to fund a ladder truck and pumper truck. Transfers out also increased by $6.9 million to fund various capital projects in the future.

Final budget compared to actual results: For fiscal year 2022, actual revenues were $59 million compared to the final budget of $55 million, primarily due to higher-than-expected property tax, sales tax, building permit, and ambulance fee revenues. Actual expenditures were $50 million which is in line with the budgeted expenditures for fiscal year 2022. Fund balance at year end was $26.3 million, $6.1 million more than budgeted because of these variances.

Capital Assets and Debt Administration

Capital Assets: The City had $266.9 million (net of accumulated depreciation) invested in a broad range of assets for its governmental and business-type activities as of September 30, 2022. This investment in capital assets includes land, buildings, park facilities, machinery, equipment, vehicles, roads, bridges, water and sewer lines, right-to-use leased assets, and construction in progress. This amount represents a 2.6% increase totaling $6.7 million in capital assets, net of accumulated depreciation, for the current fiscal year.

Capital Assets at Year-End
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
Land	$ 29,793	$ 29,696	$ 1,045	$ 1,045	$ 30,838	$ 30,741
Buildings and improvements	19,571	21,190	3,155	3,420	22,726	24,610
Machinery and equipment	6,570	5,064	1,472	1,103	8,042	6,167
Infrastructure	53,811	58,816	100,191	103,513	154,002	162,329
Right-to-use leased equipment	979	-	-	-	979	-
Construction in progress	37,002	26,240	13,287	10,072	50,289	36,312
Total	$ 147,726	$ 141,006	$ 119,150	$ 119,153	$ 266,876	$ 260,159

This year's completed major construction projects and capital acquisitions included:

Machinery and Equipment	$ 2,139,620
Motor Vehicles	1,795,223
60" Sewer Line Connect Garland Plant	1,298,474
Merritt Villas Phase 1 - Paving	1,141,000
Canterbury Cove - Paving	723,400
Rowlett Rd Pump Station 2MG Repaint	423,770
Canterbury Cove - Drainage	290,000
Merritt Villas Phase 1 - Water	287,800
Canterbury Cove -Water	250,700
Sapphire Bay Townhomes - Sewer	208,200
Alley Reconstruction	202,236
	$ 8,760,423

For more information related to capital assets, see Note 6 to the basic financial statements.

Long-Term Debt: At year-end, the City had $145.9 million in general obligation bonds, certificates of obligation, tax notes and revenue bonds outstanding as compared to $145.8 million at the end of the prior fiscal year, an increase of $0.1 million.

Outstanding Debt at Year End
(in thousands)

	Governmental Activities		Business-type Activities		Total Government	
	2022	2021	2022	2021	2022	2021
General obligation bonds (backed by the City)	$ 99,514	$ 102,844	$ 3,791	$ 5,221	$ 103,305	$ 108,065
Certificates of obligation and tax notes (backed by the City)	1,695	2,060	-	-	1,695	2,060
Revenue bonds (backed by fee revenues)	-	-	40,865	35,665	40,865	35,665
Total	$ 101,209	$ 104,904	$ 44,656	$ 40,886	$ 145,865	$ 145,790

During the current fiscal year, the City issued $4.2 million in new general obligation bonds. The City also issued $7.6 million in waterworks and sewer system revenue bonds.

The City's general obligation bonds, certificates of obligation and tax notes carry Aa2 and AA ratings by Moody's Investor Service and Standard and Poor's, respectively. The City's water and sewer revenue bonds carry Aa3 and AA- by Moody's Investor Service and Standard and Poor's, respectively.

The City is permitted by Article XI, Section 5, of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation debt. In May 2003, the citizens of Rowlett amended the Charter to limit the amount of taxes that may be levied to $1.25 per $100 of assessed valuation.

More detailed information about the City's long-term liabilities is presented in Note 9 to the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The City's elected and appointed officials consider many factors when setting each year's budget. The most notable were the priorities identified in The Strategic Plan combined with strategic goals set by Council in May 2022 that formed the basis of a two-year action plan. With the combination of improved tax values, new growth, and additional tax dollars, the FY2023 adopted budget includes funding priorities for all seven strategic priorities:

- Govern transparently and inclusively
- Ensure a safe community
- Strengthen neighborhood livability
- Enhance quality of life
- Foster economic vitality
- Invest in transportation and infrastructure
- Promote operational excellence

Supporting these priorities will assist in addressing the explosive growth that is expected along with the challenges that come with that growth.

Revenue Projection Highlights:

The total FY2023 combined budget revenue projections total $161.8 million.

- Property tax revenue is projected to reach $46.7 million, compared to FY2022's actual amount of $43.8 million. The overall property tax rate decreased from FY2022 to FY2023, set at $0.681000 per one hundred dollars of taxable valuation, with $0.525785 allocated to operations and maintenance and $0.155215 allocated to debt service. Certified property valuations increased by $1 billion or 16.5% for FY2023. This large increase is due to the fact that FY2023 is a catchup year due to historically low reassessment performed by Dallas County Appraisal District (DCAD) last year. In 2021, DCAD reassessed only 14% of all residential properties and this year they increased the reassessment to nearly 90% due to the extraordinary market.
- Sales tax revenue is projected at $8.8 million, which is in line with FY2022's actual amount of $8.9 million. Sales tax was projected at a flat amount due economic uncertainty.
- General fund licenses and permits are projected at $1.4 million, compared to FY2022's actual amount of $2.2 million. This decrease is anticipated due to the volatility of development timing.
- Enterprise fund charges for services are projected at $41.5 million, compared to FY2022's actual amount of $42.5 million. This represents a $1.2 million decrease in water and sewer and a $0.2 million increase in refuse revenues. These changes are due to an unexpected weather-related water usage increase in FY2022 and a contractual rate increase for refuse services. The FY2023 projected revenues reflect the results of the City's water and sewer rate study, which includes adjustments to the volume rate, as detailed below:

Residential Water & Sewer Customers Only	Adopted FY2022	Adopted FY2023
Beginning Base Rate	$44.81	$43.67
New Base Rate	$43.67	$43.67
Volume Rate - 0-3,000 gallons	$8.89	$9.10
Volume Rate - 3,000-15,000 gallons	$11.10	$11.45
Total Monthly Fee @ 7,500 gallons per month	$120.29	$122.50
Dollar change	($3.24)	$2.21
Percent change	-2.6%	1.8%

Appropriation Budget Highlights:

The total FY2023 combined budget appropriations total $168.3 million.

- Expenses in the general fund are projected to be $57.9 million in FY2023. This is a projected increase of $5.4 million, or 10.3%, when compared to the FY2022 budget of $52.5 million. The increase is driven primarily by personnel costs, resulting from merit increases for open range employees and the continuation of step-pay plan increases for fire and police personnel. It also includes the addition of 9 new positions for FY2023.

  Overall changes are summarized below:

General Fund Expenses	Adopted FY2022	Adopted FY2023	$ Change	% Change
Personnel	$36,944,471	$41,097,410	$4,152,939	11.2%
Supplies	2,293,774	2,351,160	57,386	2.5%
Purchase Services	9,274,645	9,832,239	557,594	6.0%
Capital Outlay	445,501	603,496	157,995	35.5%
Transfers Out	3,544,958	4,021,018	476,060	13.4%
Total Expenses	**$52,503,349**	**$57,905,323**	**$5,401,974**	**10.3%**

- The FY2023 water and sewer fund budget totals $33.7 million, representing an increase of $2.3 million, or 7.2% from the FY2022 budget of $31.4 million. This increase is a result of a 13% increase in the cost for water delivery from North Texas Municipal Water District (NTMWD) and an increase in debt service and personnel costs.

  Overall changes are summarized below:

Utility Fund Expenses	Adopted FY2022	Adopted FY2023	$ Change	% Change
Personnel Costs	$3,325,180	$3,568,247	$243,067	7.3%
Water/Sewer Contract Services	14,097,570	15,586,029	1,488,459	10.6%
Other Purchased Services and Supplies	2,404,876	2,228,552	(176,324)	-7.3%
Debt Service	5,168,980	5,617,771	448,791	8.7%
Capital Outlay	-	-	-	-
Transfers Out	6,431,019	6,682,466	251,447	3.9%
Total Expenses	**$31,427,625**	**$33,683,065**	**$2,255,440**	**7.2%**

- In the employee health benefits fund, FY2023 expenses are budgeted for an increase of 14.9% due to general inflationary factors and the healthcare system feeling the effects from the COVID-19 pandemic. Individual stop loss and benefit payments are expected to increase by $0.1 million and $0.9 million, respectively. Accordingly, the revenue budget was increased 11.9%, to $7.3 million. Currently, the City contributes approximately 85% to the revenues of this fund, and employees/retirees contribute approximately 15%.

  Overall changes are summarized below:

Revenues	Adopted FY2022	Adopted FY2023	$ Change	% Change
City Contributions	$5,195,992	$5,911,065	$715,073	13.8%
Employee Contributions	1,024,599	1,088,615	64,016	6.2%
Retiree Contributions	10,000	10,000	-	0.0%
Other	335,850	335,850	-	0.0%
Total Revenues	**$6,566,441**	**$7,345,530**	**$779,089**	**11.9%**

Expenses	Adopted FY2022	Adopted FY2023	$ Change	% Change
Benefits Administration	$385,760	$399,950	$14,190	3.7%
Individual Stop Loss	1,070,558	1,200,440	129,882	12.1%
Benefit Payments	4,317,489	5,187,041	869,552	20.1%
OPEB Distributions	225,000	150,000	(75,000)	-33.3%
Personnel	103,549	110,799	7,250	7.0%
Other (Wellness / G&A)	280,311	287,031	6,720	2.4%
Total Expenses	**$6,382,667**	**$7,335,261**	**$952,594**	**14.9%**

Contacting The City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Department of Financial Services at City of Rowlett, 4004 Main Street, Rowlett, TX 75088 or check our website at www.Rowlett.com.

Basic Financial Statements

Rowlett
TEXAS

City of Rowlett, Texas
Statement of Net Position
September 30, 2022

	Governmental Activities	Business-type Activities	Total	Component Unit As of December 31, 2021
ASSETS				
Cash, cash equivalents and investments	$ 99,985,855	$ 56,221,276	$ 156,207,131	$ 1,770,896
Receivables (net of allowance for doubtful accounts)	12,678,488	6,368,898	19,047,386	3,276
Due from other governments	1,095,862	372,224	1,468,086	-
Notes receivable	-	8,055	8,055	28,165
Inventories	149,530	1,343,419	1,492,949	-
Prepaid and other items	328,962	49,157	378,119	104,110
Capital assets:				
Nondepreciable	66,794,821	14,331,633	81,126,454	6,582,322
Depreciable (net)	80,930,909	104,817,884	185,748,793	35,689,153
Total assets	261,964,427	183,512,546	445,476,973	44,177,922
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	621,401	794,894	1,416,295	-
Deferred outflow of resources - TMRS	3,664,665	808,942	4,473,607	-
Deferred outflow of resources - OPEB	279,899	21,405	301,304	-
Total deferred outflows of resources	4,565,965	1,625,241	6,191,206	-
LIABILITIES				
Accounts payable and accrued liabilities	5,220,791	1,854,220	7,075,011	384,189
Accrued interest payable	535,487	157,815	693,302	-
Retainage payable	580,730	122,046	702,776	-
Customer deposits	-	891,934	891,934	151,159
Unearned revenues	43,684	-	43,684	6,528,931
Noncurrent liabilities:				
Due within one year	9,912,163	4,206,520	14,118,683	692,953
Due in more than one year	111,571,935	43,880,541	155,452,476	35,657,109
Total liabilities	127,864,790	51,113,076	178,977,866	43,414,341
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources - TMRS	8,300,921	1,185,100	9,486,021	-
Deferred inflow of resources - OPEB	1,024,605	78,966	1,103,571	-
Deferred inflow of resources - leases	8,306,715	-	8,306,715	-
Total deferred inflows of resources	17,632,241	1,264,066	18,896,307	-
NET POSITION				
Net investment in capital assets	82,362,882	95,391,939	177,754,821	(448,727)
Restricted for:				
Debt service	1,819,242	5,200,132	7,019,374	-
Capital projects	10,486,867	-	10,486,867	-
Public safety	1,095,795	-	1,095,795	-
Economic development	1,081,040	-	1,081,040	-
Public broadcasting	600,822	-	600,822	-
Unrestricted	23,586,713	32,168,574	55,755,287	1,212,308
Total net position	$ 121,033,361	$ 132,760,645	$ 253,794,006	$ 763,581

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	$ 7,407,891	$ 93,405	$ -	$ -
Public safety	30,304,339	3,266,468	9,774,522	-
Public works	16,261,480	2,893,749	-	4,445,150
Culture and recreation	6,429,288	954,198	-	-
Community development	3,813,650	3,205,965	-	1,812,106
Interest and fiscal charges	3,315,859	-	-	-
Total governmental activities	67,532,507	10,413,785	9,774,522	6,257,256
Business-type activities:				
Water and sewer	29,648,243	34,208,501	-	2,978,485
Refuse	6,567,661	6,826,434	-	-
Drainage	2,144,224	1,454,433	-	846,012
Total business-type activities	38,360,128	42,489,368	-	3,824,497
Total primary government	$ 105,892,635	$ 52,903,153	$ 9,774,522	$ 10,081,753
Component unit				
Rowlett Housing Finance Corp.	$ 4,285,640	$ 4,103,443	$ -	$ 489,920
	$ 4,285,640	$ 4,103,443	$ -	$ 489,920
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other				
Franchise fees				
Investment earnings				
Gain (loss) on sale of assets				
Miscellaneous				
Transfers (net)				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

The Notes to the Financial Statements are an integral part of this statement.

Net Revenues (Expenses) and Changes in Net Position			
Primary Government			Component
Governmental Activities	Business-type Activities	Total	Unit as of 12/31/21
$ (7,314,486)	$ -	$ (7,314,486)	$ -
(17,263,349)	-	(17,263,349)	-
(8,922,581)	-	(8,922,581)	-
(5,475,090)	-	(5,475,090)	-
1,204,421	-	1,204,421	-
(3,315,859)	-	(3,315,859)	-
(41,086,944)	-	(41,086,944)	-
-	7,538,743	7,538,743	-
-	258,773	258,773	-
-	156,221	156,221	-
-	7,953,737	7,953,737	-
$ (41,086,944)	$ 7,953,737	$ (33,133,207)	$ -
			$ 307,723
43,882,591	-	43,882,591	-
8,855,809	-	8,855,809	-
435,673	-	435,673	-
3,193,838	-	3,193,838	-
612,775	300,999	913,774	439
-	-	-	-
1,563,256	58,991	1,622,247	-
822,320	(822,320)	-	-
59,366,262	(462,330)	58,903,932	439
18,279,318	7,491,407	25,770,725	308,162
102,754,043	125,269,238	228,023,281	455,419
$ 121,033,361	$ 132,760,645	$ 253,794,006	$ 763,581

City of Rowlett, Texas
Balance Sheet
Governmental Funds
September 30, 2022

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash, cash equivalents and investments	$ 26,962,530	$ 2,167,121	$ 51,470,781	$ 17,563,801	$ 98,164,233
Receivables (net of allowance for uncollectibles):					
Taxes	1,985,026	186,555	-	101,659	2,273,240
Accounts	664,341	-	117,626	-	781,967
Lease receivable	8,306,715	-	-	-	8,306,715
Accrued interest	12,151	1,053	3,461	5,374	22,039
Other	1,262,132	-	-	32,373	1,294,505
Due from other governments	20,000	-	-	1,075,862	1,095,862
Due from other funds	641,368	-	-	-	641,368
Inventories	74,303	-	75,227	-	149,530
Prepaid and other items	100,571	12,470	-	6,512	119,553
Total assets	$ 40,029,137	$ 2,367,199	$ 51,667,095	$ 18,785,581	$ 112,849,012
LIABILITIES					
Accounts payable	$ 1,481,681	$ -	$ 489,868	$ 39,752	$ 2,011,301
Retainage payable	2,477	-	578,253	-	580,730
Accrued liabilities	2,603,517	-	-	99,122	2,702,639
Unearned revenue	12,667	-	-	31,017	43,684
Due to other funds	-	-	-	641,368	641,368
Total liabilities	4,100,342	-	1,068,121	811,259	5,979,722
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	452,145	186,554	-	1,649	640,348
Unavailable revenue - ambulance fees	446,178	-	-	-	446,178
Unavailable revenue - mowing liens	199,904	-	-	-	199,904
Unavailable revenue - franchise fees	186,254	-	-	-	186,254
Unavailable revenue - grants	-	-	-	133,657	133,657
Unavailable revenue - other	35,052	-	-	673	35,725
Deferred inflow of resources - leases	8,306,715	-	-	-	8,306,715
Total deferred inflows of resources	9,626,248	186,554	-	135,979	9,948,781
FUND BALANCES					
Fund balances:					
Nonspendable:					
Inventories	74,303	-	75,227	-	149,530
Prepaid items	100,571	12,470	-	6,512	119,553
Restricted for:					
Debt service	-	2,168,175	-	-	2,168,175
Capital projects	2,372,642	-	44,687,103	9,061,258	56,121,003
Public safety	-	-	-	961,465	961,465
Community development	-	-	-	1,081,040	1,081,040
Public broadcasting	-	-	-	600,822	600,822
Assigned for:					
Economic development	2,180,678	-	-	-	2,180,678
Capital acquisition	-	-	5,836,644	-	5,836,644
Capital projects	-	-	-	6,255,905	6,255,905
Unassigned	21,574,353	-	-	(128,659)	21,445,694
Total fund balances	26,302,547	2,180,645	50,598,974	17,838,343	96,920,509
Total liabilities and fund balances	$ 40,029,137	$ 2,367,199	$ 51,667,095	$ 18,785,581	$ 112,849,012

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Reconciliation of the Balance Sheet
of Governmental Funds to the Statement of Net Position
September 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per balance sheet - governmental funds		$ 96,920,509
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		147,725,730
Certain revenues are not available soon enough to pay for the current period's expenditures and are, therefore, reported as deferred inflows of resources.		1,642,066
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	(99,514,060)	
Certificates of obligation payable	(1,695,000)	
Limited tax notes	-	
Bond premiums	(6,595,137)	
Deferred charges on refunding	621,401	
Accrued interest	(535,487)	
Financed purchases	(4,122,325)	
Right-to-use lease liability	(993,905)	
Net pension liability	(2,562,743)	
Net OPEB liability	(1,581,563)	
Compensated absences	(4,419,365)	
		(121,398,184)
Deferred outflows of resources and deferred inflows of resources related to pensions and OPEB are not reported in the fund financial statements.		(5,380,962)
The internal service fund is used by management to charge the costs of self-insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		1,524,202
Net position of governmental activities		$ 121,033,361

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenditures
and Changes in Fund Balances - Governmental Funds
For the Fiscal Year Ended September 30, 2022

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes:					
Property taxes	$ 31,030,722	$ 11,899,230	$ -	$ 881,607	$ 43,811,559
Sales taxes	8,855,809	-	-	-	8,855,809
Other	117,140	-	-	318,533	435,673
Franchise fees	3,083,672	-	-	119,726	3,203,398
License and permits	2,223,183	-	-	2,050,371	4,273,554
Charge for services	3,953,109	-	843,378	-	4,796,487
Fines and forfeitures	527,124	-	-	704,719	1,231,843
Intergovernmental	7,171,508	-	-	3,668,327	10,839,835
Interest	161,043	17,736	375,624	58,372	612,775
Miscellaneous	1,425,476	-	103,068	34,712	1,563,256
Total revenues	58,548,786	11,916,966	1,322,070	7,836,367	79,624,189
EXPENDITURES					
Current operating:					
General government	5,874,264	94,553	-	1,397,182	7,365,999
Public safety	27,158,801	-	-	2,681,798	29,840,599
Public works	3,119,115	-	5,689,915	208,462	9,017,492
Culture and recreation	5,275,437	-	-	136,892	5,412,329
Community development	4,015,009	-	-	-	4,015,009
Debt service:					
Principal retirement	954,660	7,870,316	107,846	-	8,932,822
Interest and fiscal charges	51,900	3,745,787	18,885	-	3,816,572
Bond issuance costs	-	-	142,680	-	142,680
Capital outlay	3,566,473	-	7,785,502	595,601	11,947,576
Total expenditures	50,015,659	11,710,656	13,744,828	5,019,935	80,491,078
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,533,127	206,310	(12,422,758)	2,816,432	(866,889)
OTHER FINANCING SOURCES (USES)					
Issuance of debt	-	-	4,175,000	-	4,175,000
Proceeds from financed purchases	1,360,063	-	-	-	1,360,063
Proceeds from right-to-use leases	645,510	-	616,313	-	1,261,823
Premiums on issuance of debt	-	-	172,059	-	172,059
Transfers in	2,760,695	245,790	2,199,816	5,787,862	10,994,163
Transfers out	(9,123,989)	-	-	(1,047,854)	(10,171,843)
Proceeds from sale of assets	134,176	-	-	-	134,176
Total other financing sources (uses)	(4,223,545)	245,790	7,163,188	4,740,008	7,925,441
NET CHANGE IN FUND BALANCES	4,309,582	452,100	(5,259,570)	7,556,440	7,058,552
FUND BALANCES, BEGINNING	21,992,965	1,728,545	55,858,544	10,281,903	89,861,957
FUND BALANCES, ENDING	$ 26,302,547	$ 2,180,645	$ 50,598,974	$ 17,838,343	$ 96,920,509

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended September 30, 2022

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		$ 7,058,552
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($10,685,753) and capital contributions ($5,677,205) exceeded depreciation ($10,581,764), and deletions ($40,736) in the current period.		5,740,458
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. In the governmental financial statements, these revenues are referred to as deferred inflows of resources.		(311,889)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Repayments of principal	8,932,822	
Issuance of bonds	(4,175,000)	
Issuance of financed purchases	(1,360,063)	
Premium on issuance	(172,059)	
		3,225,700
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in the amount of compensated absences	(585,919)	
Increase in accrued interest payable	(15,016)	
Interest on the right-to-use lease liability	13,179	
Amortization of bond discounts/premiums and deferred losses	645,230	
Amortization on right-to-use lease assets	(282,479)	
		(225,005)
To record net change in pension activity.		2,736,843
To record net change in OPEB activity.		125,341
The internal service fund is used by management to charge the costs for self-insurance to the various funds. The change in net position of the internal service fund is reported within the governmental activities.		(70,682)
Change in net position of governmental activities		$ 18,279,318

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Proprietary Funds
September 30, 2022

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
ASSETS					
Current assets:					
Cash, cash equivalents and investments	$ 24,410,766	$ 359,511	$ 2,901,435	$ 27,671,712	$ 1,821,622
Restricted cash, cash equivalents and investments:					
Revenue bond covenant accounts	5,200,132	-	-	5,200,132	-
Receivables (net of allowance for uncollectibles):					
Accounts	5,031,835	1,016,721	204,173	6,252,729	-
Accrued interest	15,515	275	1,547	17,337	13
Other	97,241	1,591	-	98,832	9
Due from other governments	372,224	-	-	372,224	-
Inventories	1,343,419	-	-	1,343,419	-
Prepaid and other items	49,157	-	-	49,157	209,409
Total current assets	36,520,289	1,378,098	3,107,155	41,005,542	2,031,053
Noncurrent assets:					
Restricted cash, cash equivalents and investments:					
Revenue bond construction funds	18,628,372	-	-	18,628,372	-
Impact fee funds	4,721,060	-	-	4,721,060	-
Receivables (net of allowance for uncollectibles):					
Notes receivable	8,055	-	-	8,055	-
Capital assets:					
Land	994,697	-	49,925	1,044,622	-
Buildings	1,041,641	-	59,178	1,100,819	-
Systems	177,716,867	194,768	45,860,218	223,771,853	-
Machinery and equipment	10,598,739	57,417	542,328	11,198,484	-
Construction in progress	10,441,240	-	2,845,771	13,287,011	-
Less accumulated depreciation	(107,598,896)	(252,185)	(23,402,191)	(131,253,272)	-
Total capital assets	93,194,288	-	25,955,229	119,149,517	-
Total noncurrent assets	116,551,775	-	25,955,229	142,507,004	-
Total assets	153,072,064	1,378,098	29,062,384	183,512,546	2,031,053
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	735,324	-	59,570	794,894	-
Deferred outflows of resources - TMRS	792,268	-	16,674	808,942	-
Deferred outflows of resources - OPEB	20,748	-	657	21,405	-
Total deferred outflows of resources	1,548,340	-	76,901	1,625,241	-
LIABILITIES					
Current liabilities:					
Accounts payable	1,017,953	533,028	31,173	1,582,154	499,666
Accrued liabilities	148,490	2,613	4,093	155,196	7,185
Accrued interest payable	-	-	7,986	7,986	-
Retainage payable	2,068	-	27,074	29,142	-
Customer deposits	891,934	-	-	891,934	-
Compensated absences	16,171	-	393	16,564	-
Bonds payable	3,899,956	-	290,000	4,189,956	-
Total current liabilities	5,976,572	535,641	360,719	6,872,932	506,851
Current liabilities payable from restricted assets:					
Accounts payable	116,870	-	-	116,870	-
Accrued interest payable	149,829	-	-	149,829	-
Retainage payable	92,904	-	-	92,904	-
Total current liabilities payable from restricted assets	359,603	-	-	359,603	-
Total current liabilities	6,336,175	535,641	360,719	7,232,535	506,851

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position – Continued
Proprietary Funds
September 30, 2022

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
LIABILITIES (Continued)					
Noncurrent liabilities:					
Compensated absences	$ 152,007	$ -	$ 3,716	$ 155,723	$ -
Net pension liability	325,446	-	3,285	328,731	-
Net OPEB liability	168,884	-	6,098	174,982	-
Bonds payable	42,190,407	-	1,030,698	43,221,105	-
Total noncurrent liabilities	42,836,744	-	1,043,797	43,880,541	-
Total liabilities	49,172,919	535,641	1,404,516	51,113,076	506,851
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - TMRS	1,145,061	-	40,039	1,185,100	-
Deferred inflows of resources - OPEB	76,094	-	2,872	78,966	-
Total deferred inflows of resources	1,221,155	-	42,911	1,264,066	-
NET POSITION					
Net investment in capital assets	70,764,071	-	24,627,868	95,391,939	-
Restricted for:					
Debt service	5,200,132	-	-	5,200,132	-
Unrestricted	28,262,127	842,457	3,063,990	32,168,574	1,524,202
Total net position	$ 104,226,330	$ 842,457	$ 27,691,858	$ 132,760,645	$ 1,524,202

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas

Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
OPERATING REVENUES					
Charges for sales and services:					
Charges for services	$ 34,208,501	$ 6,826,434	$ 1,454,433	$ 42,489,368	$ 6,456,566
Intergovernmental	-	-	-	-	-
Miscellaneous	48,317	2,734	7,940	58,991	1,046,065
Total operating revenues	34,256,818	6,829,168	1,462,373	42,548,359	7,502,631
OPERATING EXPENSES					
Personnel services	2,817,614	49,724	113,881	2,981,219	105,159
Water supply	9,700,827	-	-	9,700,827	-
Wastewater treatment	4,383,465	-	-	4,383,465	-
Contractual services	658,421	-	34,344	692,765	7,114,620
Maintenance, repairs and supplies	1,785,105	-	699,953	2,485,058	-
Utilities	383,594	-	-	383,594	-
Legal and professional	53,624	-	113	53,737	-
Refuse collection	-	5,786,260	-	5,786,260	-
Depreciation	6,123,518	1,866	1,177,511	7,302,895	-
Intragovernmental charges	2,240,772	729,811	63,744	3,034,327	181,716
Miscellaneous	53,572	-	-	53,572	171,818
Total operating expenses	28,200,512	6,567,661	2,089,546	36,857,719	7,573,313
OPERATING INCOME (LOSS)	6,056,306	261,507	(627,173)	5,690,640	(70,682)
NONOPERATING REVENUES (EXPENSES)					
Investment income	281,572	2,110	17,317	300,999	-
Gain on disposition of assets	32,098	-	-	32,098	-
Interest and fiscal charges	(1,479,829)	-	(54,678)	(1,534,507)	-
Total nonoperating revenues (expenses)	(1,166,159)	2,110	(37,361)	(1,201,410)	-
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	4,890,147	263,617	(664,534)	4,489,230	(70,682)
Capital contributions	2,978,485	-	846,012	3,824,497	-
Transfers in	990,517	-	-	990,517	-
Transfers out	(1,712,841)	-	(99,996)	(1,812,837)	-
CHANGE IN NET POSITION	7,146,308	263,617	81,482	7,491,407	(70,682)
TOTAL NET POSITION, BEGINNING	97,080,022	578,840	27,610,376	125,269,238	1,594,884
TOTAL NET POSITION, ENDING	$ 104,226,330	$ 842,457	$ 27,691,858	$ 132,760,645	$ 1,524,202

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers and users	$ 33,912,325	$ 6,752,456	$ 1,449,251	$ 42,114,032	$ 6,456,876
Cash received from miscellaneous	48,317	2,734	7,940	58,991	1,046,065
Cash paid to employees for services	(3,019,678)	(49,724)	(122,821)	(3,192,223)	(105,159)
Cash paid for goods and services	(19,119,769)	(7,001,373)	(811,323)	(26,932,465)	(7,490,146)
Net cash provided by (used in) operating activities	11,821,195	(295,907)	523,047	12,048,335	(92,364)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	990,517	-	-	990,517	-
Transfers to other funds	(1,712,841)	-	(99,996)	(1,812,837)	-
Net cash used in noncapital financing activities	(722,324)	-	(99,996)	(822,320)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on capital debt	(3,591,964)	-	(327,354)	(3,919,318)	-
Interest and fiscal charges paid on capital debt	(890,840)	-	(70,380)	(961,220)	-
Proceeds from capital debt	7,600,000	-	-	7,600,000	-
Acquisition and construction of capital assets	(3,417,666)	-	53,634	(3,364,032)	-
Proceeds from sale of capital assets	32,098	-	-	32,098	-
Net cash used in capital and related financing activities	(268,372)	-	(344,100)	(612,472)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	281,572	2,110	17,317	300,999	-
Net cash provided by investing activities	281,572	2,110	17,317	300,999	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,112,071	(293,797)	96,268	10,914,542	(92,364)
CASH AND CASH EQUIVALENTS, BEGINNING	41,848,259	653,308	2,805,167	45,306,734	1,913,986
CASH AND CASH EQUIVALENTS, ENDING	$ 52,960,330	$ 359,511	$ 2,901,435	$ 56,221,276	$ 1,821,622
CLASSIFED AS:					
Current assets - unrestricted	24,410,766	359,511	2,901,435	27,671,712	1,821,622
Current assets - restricted, bond funds	5,200,132	-	-	5,200,132	-
Noncurrent assets - restricted, bond funds	18,628,372	-	-	18,628,372	-
Noncurrent assets - restricted, impact fee funds	4,721,060	-	-	4,721,060	-
TOTAL CASH AND CASH EQUIVALENTS, ENDING	$ 52,960,330	$ 359,511	$ 2,901,435	$ 56,221,276	$ 1,821,622

(continued)

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Cash Flows – Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2022

	Enterprise				Governmental Activities - Internal Service
	Water and Sewer	Refuse	Drainage	Total	Self-insurance
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating income (loss)	$ 6,056,306	$ 261,507	$ (627,173)	$ 5,690,640	$ (70,682)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	6,123,518	1,865	1,177,511	7,302,894	-
Changes in assets and liabilities:					
Accounts receivable	(25,263)	(73,835)	(4,480)	(103,578)	300
Other receivables	(88,684)	(143)	(702)	(89,529)	10
Prepaid expenses and other assets	(22,768)	-	-	(22,768)	(117,411)
Inventory	(178,634)	-	-	(178,634)	-
Accounts payable and accrued liabilities	96,137	(485,301)	(13,047)	(402,211)	95,419
Customer and escrow deposits	37,964	-	-	37,964	-
Accrued compensated absences	7,438	-	304	7,742	-
Net pension liability and OPEB obligation	(184,819)	-	(9,366)	(194,185)	-
Total adjustments	5,764,889	(557,414)	1,150,220	6,357,695	(21,682)
Net cash provided by (used in) operating activities	$ 11,821,195	$ (295,907)	$ 523,047	$ 12,048,335	$ (92,364)
NONCASH FINANCING AND INVESTING ACTIVITIES:					
Capital contributions	$ 2,978,485	$ -	$ 846,012	$ 3,824,497	$ -
Gain on disposal of capital assets	32,098	-	-	32,098	-
Total noncash financing and investing activities	$ 3,010,583	$ -	$ 846,012	$ 3,856,595	$ -

The Notes to the Financial Statements are an integral part of this statement.

City of Rowlett, Texas
Statement of Net Position
Fiduciary Funds
September 30, 2022

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ASSETS		
Restricted Cash	$ -	$ 102,220
Investments:		
Money market	13,337,686	-
Equity mutual funds	-	802,032
Fixed income mutual funds	-	579,344
Total investments	13,337,686	1,381,376
Total assets	13,337,686	1,483,596
NET POSITION		
Net position restricted for OPEB	-	1,483,596
Net position restricted for custodial funds	13,337,686	-
Total net position	$ 13,337,686	$ 1,483,596

The Notes to the Financial Statements are an integral part of this statement.

City Of Rowlett, Texas

Statement of Changes in Fiduciary Net Position
For the Fiscal Year Ended September 30, 2022

	PID Custodial Fund	Other Post Employment Benefits Trust Fund
ADDITIONS		
Contributions:		
Private contributions	$ 5,736,292	$ -
Employer contributions	-	84,141
Interest income (loss)	107,246	(275,355)
Total additions	5,843,538	(191,214)
DEDUCTIONS		
Administrative expenses	-	10,041
Project expenses	10,754,259	-
Total deductions	10,754,259	10,041
Change in net position	(4,910,721)	(201,255)
Net position, beginning of year	18,248,407	1,684,851
Net position, end of year	$ 13,337,686	$ 1,483,596

The Notes to the Financial Statements are an integral part of this statement.

Notes to the Basic Financial Statements

Rowlett
TEXAS

Note 1. Summary of Significant Accounting Policies

(a) Reporting Entity

The City of Rowlett, Texas (City) is a municipal corporation governed by an elected mayor and six-member council. It was incorporated on March 1, 1952, under the provisions of Chapter 11, Title 28, Texas Revised Civil Statutes of 1925. On January 19, 1980, the City adopted a charter making it a home rule city operating under a Council-Manager form of government. The City provides such services as are authorized by its charter to advance the welfare, health, comfort, safety and convenience of its inhabitants. The City's services include public safety, streets and transportation, water and wastewater, solid waste collection and disposal, environmental health and leisure services.

The financial statements of the City have been prepared to conform to generally accepted accounting principles (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting and reporting policies and practices used by the City are described below.

The City's basic financial statements include all organizations and activities determined to be part of the City's reporting entity.

Discretely Presented Component Unit
The Rowlett Housing Finance Corporation (RHFC) was organized to finance the cost of residential ownership and development that will provide decent, safe and sanitary housing for residents of the City at affordable prices. RHFC is governed by a board of directors that are appointed by and serve at the discretion of the City Council. RHFC is reported as a proprietary entity and maintains their accounts on an accrual basis of accounting. RHFC uses an outside accounting firm to conduct their bookkeeping and accounting. The financial information for RHFC is included in the statements for the period of January 1, 2021 through December 31, 2021. Complete separate December 31, 2021 financial statements for RHFC may be obtained from the City.

(b) Financial Statement Presentation

The basic financial statements are prepared in conformity with GASB Statement No. 34, as amended, which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund but distinguish between the City's governmental activities and business-type activities on the statement of net position and statement of activities. The City's statement of net position includes both noncurrent assets and noncurrent liabilities of the City. In addition, the government-wide statement of activities reflects depreciation and amortization expenses on the City's capital assets, including infrastructure.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which use the modified accrual basis of accounting and the current financial resources measurement focus for the government funds. The accrual basis of accounting is utilized by proprietary funds. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred. GASB Statement No. 34 also requires supplementary information such as Management's Discussion and Analysis which includes an analytical overview of the City's financial activities. In addition, a budgetary comparison schedule is presented that compares the adopted and modified General Fund budget with actual results for adopted funds.

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped by type in the financial statements.

(c) Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (Public Safety, Public Works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment and 3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. The net cost (by function or business-type activity) is normally covered by general revenue (property, sales, and franchise taxes, intergovernmental revenues, interest income, etc.).

Separate fund-based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining section of the statements.

GASB Statement No. 34 also permits the City to report individual non-major funds if officials believe the fund is particularly important to the financial statement's readers. The Refuse Fund is reported as major for this reason.

(d) Measurement Focus/Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Government fund level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments not due within the operating cycle, are recorded only when the obligation has matured and is due and payable shortly after year end as required by GASB Interpretation No. 6.

Property taxes, sales taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services, fines and forfeitures, contributions, and miscellaneous revenues are recorded as revenues when received in cash, as the resulting receivable is not measurable. Investment earnings are recorded as earned since they are measurable and available. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Intergovernmental grant revenues are recognized when all eligibility requirements have been met. Additionally, funds received in advance for which all eligibility requirements have not been met are considered unearned revenue.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then use unrestricted resources as they are needed.

Business-type activities and all proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's water and sewer, refuse, and municipal drainage funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Debt Service Fund** accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The **Capital Projects Fund** accounts for the financing and acquisition of right of way and construction of streets and alleys, buildings, land acquisition and park improvements. Funds are provided primarily through bond sales, impact fees and interest earnings.

The City reports the following major proprietary funds:

The **Water and Sewer Fund** accounts for the activities of the enterprise. The enterprise operates the water distribution and pump stations, the sewage collection system and lift stations.

The **Refuse Fund** accounts for the activities of the City's residential and commercial trash collection service.

The **Drainage Fund** accounts for the activities of the City's drainage maintenance operations.

Additionally, the City reports the following nonmajor fund types:

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for particular purposes, such as impact fees, police seizure, court fees, grants, etc.

The **Internal Service Fund** is used to account for the City's self-insurance activities provided to other departments or funds of the City on a cost reimbursement basis.

Fiduciary Funds are used to account for the accumulation of resources to be used for other postemployment benefits (OPEB) for employees of the City and Bayside North, Bayside South (Sapphire Bay), and Trails at Cottonwood Creek Public Improvement Districts (PIDS).

Assets, Liabilities, and Net Position or Equity

(e) Deposits and Investments

Cash in all funds, excluding the City's payroll account and certain escrow accounts, is combined into one bank account in order to maximize investment opportunities. Although individual funds may experience temporary overdraft liabilities, a positive balance is maintained in combined cash. Investment income resulting from this pooling is allocated to the respective funds based on the sources of the funds invested.

Investments are carried at amortized cost and are adjusted to fair value when appropriate for financial reporting. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties. The City considers market prices obtained from the City's safekeeping bank at September 30, 2022 to be the fair value of investments.

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, demand deposits, escrow cash with fiscal agent and short-term investments with original maturities of three months or less from the date of acquisition.

(f) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. Allowances are calculated based on historical performance and can differ between receivable types. Accounts without the backing of liens or contractual agreements exceeding 365 days are typically written off.

Property taxes are levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Assessed values are established at 100% of estimated market value. Property taxes attach as an enforceable lien on property as of January 1. Taxes are due by January 31 following the October 1 levy date and are considered delinquent after January 31 of each year.

(g) Inventories and Prepaid Items

Inventories, which are expended as they are consumed, are recorded using the average cost method and are stated at cost. They are valued at the lower of moving average (i.e., perpetual inventory) cost or market. Unit prices are adjusted as new inventory is added; thus the moving average cost closely represents the cost of goods sold. Other inventories are stated at the lower of cost (first-in, first-out method) or market.

Prepaid items are for payments made by the City in the current year to provide services occurring in the subsequent fiscal year. A reserve for prepaid items and inventories is recognized in the governmental funds in the fund level financial statements to signify that a portion of fund balance is not available for other subsequent expenditures.

(h) Interfund Transactions and Receivables and Payables

Short-term advances between funds are accounted for in the appropriate interfund receivable and payable accounts. All legally authorized transfers are appropriately treated as transfers and are included in the results of operations of both governmental and proprietary funds. Nonrecurring or non-routine transfers of equity between funds, such as contribution of capital assets to a proprietary fund, are accounted for as transfers.

(i) Restricted Assets

Assets, consisting of cash and short-term investments, have been set aside on the balance sheet because they represent funds with restricted purposes.

In the proprietary funds, restricted assets are segregated to reflect resources accumulated for debt service, construction funds, or other legal requirements. Debt service amounts are restricted for the current year requirements and also for future years' requirements as required by bond covenants. Construction funds represent resources set aside for construction projects of the Water and Sewer and Drainage Funds.

(j) Capital Assets

Capital assets, which include property, plant, equipment and public domain (infrastructure) assets (e.g. roads, water and sewer lines, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $10,000 and an estimated useful life in excess of three years. Public infrastructure is capitalized at $100,000 and an estimated useful life in excess of five years. Contributed assets are recorded at acquisition value at the time received. Assets acquired by lease financing are capitalized over the term of the lease according to the City's capitalization threshold policy. Capital costs that do not materially add to the value of the asset, extend its useful life, or do not otherwise meet the government's capitalization threshold are not capitalized. Right-to-use leased assets are discussed in note 1(r) below.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets (including right-to-use leased assets) of the primary government are depreciated/amortized using the straight line with half-year convention method. The estimated useful lives under the policy are as follows:

Buildings, other improvements	20 - 40 years
Right-to-use leased buildings	3 - 5 years
Alleys, drainage systems, and water and sewer system	25 years
Equipment	3 - 20 years
Right-to-use leased equipment	2 - 5 years
Streets	10 - 20 years

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refundings – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings – These differences are deferred and amortized.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has the following types of items. The first arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from multiple sources: property taxes, grants, and various fees and assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second is related to the Pension and OPEB plans: changes in actuarial assumptions, difference between expected and actual economic experience, and difference between projected and actual earnings. These items are deferred and amortized. The third is related to leases. This amount is initially an offset to lease receivable recorded at lease commencement, and subsequently, recognized as revenue over the life of the lease term.

(l) Compensated Absences

City employees earn vacation and sick leave based on length of service. Nonexempt employees are eligible to accumulate compensation time at one and one-half times the hourly rate of pay. At termination, employees are reimbursed for accumulated vacation and compensatory time. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements and are typically liquidated with expendable resources in the General Fund.

(m) Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term obligations such as the net pension liability and the net other post-employment benefits (OPEB) liability are liquidated with expendable resources in the General Fund.

(n) Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. The City does not utilize encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation. Since the City intends to honor such commitments, the subsequent year's appropriations will provide authority to complete these transactions. Under the City's budgetary process, appropriations lapse at fiscal year-end, except for capital improvements or contracts in which the City issued a purchase order prior to the end of the year. These encumbrances are re-appropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year. Refer to Note 14F for the amount of encumbrances expected to be honored upon performance by the vendor in the next year.

(o) Fund Balance Classification and Net Position

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. Fund balances classified as committed can only be used for specific purposes pursuant to Resolution Number RES-011-12 imposed by the City Council, which constitutes the highest level of action and most binding constraint.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. The City Council has by resolution authorized the City Manager and/or the Director of Financial Services to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

At the government–wide level, net position represents the difference between assets/deferred outflows of resources and liabilities/deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt used for the acquisition, construction or improvements of those assets, net of debt related to any unspent proceeds.

(p) Pensions

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

(q) Other Post-Employment Benefits

The fiduciary net position of the City's Other Post-Employment Benefit (OPEB) plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the City's fiduciary net position. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total OPEB Liability is obtained from a report prepared for the City by consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

(r) Leases

Lessee –
The City is a lessee for noncancellable leases of property, vehicles, and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide financial statements.

At implementation of GASB Statement No. 87 and the commencement of leases beginning after October 1, 2021, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor –
The City is a lessor for noncancellable leases of property. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At implementation of GASB Statement No. 87 and the commencement leases beginning after October 1, 2021, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received.

The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(s) Deficit Fund Balance

At September 30, 2022, the Grants Fund, a nonmajor governmental fund, had a deficit fund balance of $128,659. The fund incurred expenditures under a grant that were not reimbursed in a timely manner under the modified accrual basis of accounting to be included in revenue. However, the City anticipates receiving reimbursement for these grants in fiscal year 2023.

(t) GASB Pronouncements implemented by the City

GASB Statement No. 87, *Leases*. This Statement was issued in June 2017 and increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement were effective for reporting periods beginning after June 15, 2021. The City has implemented this Statement in fiscal year 2022.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

- Approximately 60-90 days prior to October 1 of each fiscal year, the City Manager submits a proposed budget to the City Council. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings and budget work sessions are conducted to obtain taxpayer comments.
- Typically, the City Council enacts the budget by ordinance before September 19. This allows tax statements to be prepared and mailed in a timely fashion.
- Annual budgets are legally adopted for the General, Debt Service, Capital Projects, Internal Service and Enterprise Funds. Budgets are prepared on a modified accrual basis for the General, Other Governmental, Capital Projects and Debt Service Funds. Enterprise and Internal Service Fund budgets are prepared on an accrual basis, except for capital outlays (exclusive of water and sewer capital projects). Principal payments on debt are budgeted as expenses and depreciation expense is not budgeted. Budgets for the Capital Projects Funds are normally established pursuant to the term of the related bond indentures, that is, on a project basis.

- The level of control is at the fund level. Budget adjustments are transfers of approved funds from one line-item within a department or from one department to another within a fund. Budget adjustments within the same department under $10,000 may be approved by the Director and Director of Financial Services with notification to the City Manager. Budget adjustments exceeding $10,000 or between departments within the same fund shall be made at the discretion and approval of the City Manager. Budget amendments, which increase or decrease the total appropriation of a given fund shall be approved by the City Council at a regularly scheduled City Council meeting.

The Budgetary Comparison Schedule, included in the required supplementary information, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted.

This schedule utilizes the same basis of accounting for both budgetary purposes and actual results. Budgetary data for the Capital Projects Funds have not been presented in the accompanying supplemental information. Capital Projects Funds are budgeted over the life of the respective project and are reviewed and approved by the City Council in a Five Year Capital Improvements Plan.

Note 3. Deposits and Investments

The City has adopted Investment Policies, which are in accordance with the laws of the State of Texas, where applicable, specifically the Public Funds Investment Act (PFIA). The policies identify authorized investments and investment terms, collateral requirements, safekeeping requirements for collateral and investments, and certain investment practices. Authorized investments include obligations of the federal government or its agencies and instrumentalities, repurchase agreements, state and local investment pools, SEC regulated money market mutual funds, collateralized or insured certificates of deposit, and prime commercial paper.

State statutes require that all deposits in the financial institutions be fully collateralized by U.S. government obligations or obligations of the State of Texas and its agencies that have a fair value of not less than the principal amount of the deposits. The City's demand deposits were fully collateralized at September 30, 2022 with collateral required by the state statutes. At year-end, the City's deposit balance was fully covered by collateral held by the City's depository bank in the City's name or by FDIC insurance.

The City categorizes its fair value measurements within the three-level fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. Below are the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs—other than quoted prices included within Level 1—that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The City's investments are measured as presented in the table below. The City's investment balances, weighted average maturity, and credit risk of such investments are as follows:

		Fair Value Measurements Using				
	September 30, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Effective Duration (Years)	Rating
Investments Measured at Amortized Cost:						
Texas Local Government Investment Pools						
TexPool	$ 108,313,133	$ -	$ -	$ -	0.003	AAAm
Investments Subject to Fair Value						
Commercial Paper	9,780,103	-	9,762,047	-	0.240	P-1
Federal Agency Bond/Note	13,633,191	-	13,211,140	-	0.640	Aaa
U.S. Treasuries Bond/Note	17,136,560	-	16,156,199	-	1.670	Aaa
U.S. Treasury Bill	83,901	-	83,798	-	0.410	P-1
Municipal Bond/Note	450,000	-	425,368	-	1.670	Aa1
Total Value	$ 149,396,888	$ -	$ 39,638,552	$ -	0.970	

The City invests in Texas Local Government Investment Pool (TexPool), an external investment pool that is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State Comptroller of Public Accounts of the State of Texas has oversight of the pool. The fair value of the City's position in the pool is the same as the value of pool shares.

The TexPool investment pool is an external investment pool measured at amortized cost to report net position to compute share prices. Accordingly, the fair value of the position in this pool is the same as the value of the shares in the pool. In order to meet the criteria to be recorded at amortized cost, investment pools must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity and diversification requirements within the investment pool. The investment pool transacts at a net asset value of $1.00 per share, has a weighted average maturity of 60 days or less, and has a weighted average life of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and no maximum transaction amounts. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium, or national or state emergency that affects the pools' liquidity.

The Texas Local Government Investment Pool (TexPool) is organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code.

The Texas Comptroller of Public Accounts is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company, which is authorized to operate TexPool. In addition, the TexPool Advisory Board advises on TexPool's Investment Policy. This Board is composed equally of participants in TexPool and other persons who do not have a business relationship with TexPool who are qualified to advise TexPool.

As of September 30, 2022, the City has the recurring fair value measurements for commercial paper, agencies, treasury & municipal bonds/notes, and treasury bills of $39,638,552 valued using quoted prices for similar assets in active markets (Level 2). As of September 30, 2022, the City has an amortized cost/accrual basis for commercial paper, agencies, treasury & municipal bonds/notes, and treasury bills of $41,083,755.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from increasing interest rates, the City's investment policy states that the overall weighted average maturity of principal return for the entire portfolio shall be less than two (2) years. By policy, the City will not directly invest in securities maturing more than five years from the date of purchase.

Credit Risk. The City's Investment Policy, in conjunction with state law, specifies credit rating requirements for all non-governmental securities. The City's investments in fixed income securities are rated by Standard & Poor's and by Moody's Investors Service (see table on previous page) except for direct obligations of the U.S. government. As of September 30, 2022, investments in the Texas Local Government Pool (TexPool) carried a credit rating of AAAm by Standard & Poor's. US Treasuries are backed by the full faith and credit of the US Government.

Concentration of Credit Risk. With the exception of U.S. Treasury securities and State Local Government Pools, the City's investment policy limits the amount that may be invested in any one issuer to 40% of the total investment portfolio. The City's investment policy also has stricter restrictions for commercial paper, CD's, repurchase agreements, mutual funds and other investments. As of September 30, 2022, 26.79% of the City's total investments are in the following: US Treasury Bill (.06%), Fannie Mae (8.93%), Municipal Bond/Note (.29%), US Treasury Bonds/Notes (10.92%), and Commercial Paper (6.60%) on a fair value basis. The remaining 73.21% is in TexPool.

Custodial Credit Risk – Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City may not be able to recover its deposits. The City's investment policy follows state statutes, which require that all deposits in financial institutions be fully collateralized or insured. As of September 30, 2022, the City's bank balance was $7,787,490, and none of that amount was exposed to custodial credit risk at year-end.

Custodial Credit Risk – Investments. For investments, custodial credit risk is the risk that, in the event of the failure of the financial institution holding securities for the City, the City will not be able to recover the value of its investments or collateral securities. The City's investment policy requires that all investments be held by a third-party safekeeping agent in the name of the City. The City was not exposed to any custodial credit risk at year-end.

Note 4. Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. The property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the City. Taxes are due October 1 and become delinquent after the following January 31. Penalty and interest is charged at 7% on delinquent taxes beginning February 1 and increases each month to a maximum of 18% on July 1. Assessed values are established at 100% of estimated market value and certified by the Board of Equalization. The assessed value for the roll of January 1, 2021, upon which the fiscal year 2022 levy was based, was $6,192,580,665.

The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services, including the payment of principal and interest on general obligation long-term debt. However, on May 3, 2003, the citizens of Rowlett approved modifications to the City's Home Rule Charter, including a provision to cap the levy of property taxes at $1.25 per $100 of assessed valuation.

The tax rate for the year ended September 30, 2022 was $.745000 per $100, of which $0.538539 was allocated for general government and $0.206461 was allocated for the payment of principal and interest on general obligation debt. Taxes are due October 1. Full payment can be made prior to the next January 31 to avoid penalty and interest charges. Tax collections, including past delinquencies, for the year ended September 30, 2022, were 99.43% of the tax levy.

In Texas, countywide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every three years; however, the City may, at its own expense, require annual reviews of appraised values.

The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on City property. However, if the adopted tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements, exceeds the no-new-revenue rate by 3.5% (or 8% in case of a disaster declaration), an election is automatically held to either uphold the adopted tax rate or lower it to the no-new-revenue rate.

This legislation provides that, if approved by the qualified voters in the City, both the appraisal and collection functions may be placed with the appraisal district. In addition, the City may obtain approval from its governing body to place these functions with the appraisal district. As of September 1, 1997, the City contracted with Dallas County to bill and collect the City's property taxes.

Note 5. Receivables

Receivables as of the year end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

Receivables	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Water and Sewer	Refuse	Drainage	Internal Service	Total
Interest	$ 12,151	$ 1,053	$ 3,461	$ 5,374	$ 15,515	$ 275	$ 1,547	$ 13	$ 39,389
Court	-	-	-	673	-	-	-	-	673
Ambulance	1,397,010	-	-	-	-	-	-	-	1,397,010
Lot mowing	235,181	-	-	-	-	-	-	-	235,181
Sales tax	1,532,881	-	-	-	-	-	-	-	1,532,881
Hotel/motel tax	-	-	-	100,010	-	-	-	-	100,010
Property tax	508,771	210,194	-	1,649	-	-	-	-	720,614
Customer accounts	-	-	122,575	-	5,170,979	1,063,724	212,501	-	6,569,779
Other accounts	291,055	-	-	3,654	97,241	1,591	-	9	393,550
Franchise fees	949,925	-	-	28,046	-	-	-	-	977,971
911 fees	40,798	-	-	-	-	-	-	-	40,798
Note, noncurrent	-	-	-	-	8,055	-	-	-	8,055
Gross receivables	4,967,772	211,247	126,036	139,406	5,291,790	1,065,590	214,048	22	12,015,911
Less: allowance for uncollectibles	(1,044,122)	(23,639)	(4,949)	-	(139,144)	(47,003)	(8,328)	-	(1,267,185)
Net total receivables	$3,923,650	$ 187,608	$ 121,087	$ 139,406	$ 5,152,646	$1,018,587	$ 205,720	$ 22	$ 10,748,726

Leases receivable – The City has entered into multiple lease agreements as lessor. The leases allow the right-to-use of land and cell sites to other organizations over the term of the lease. The City receives annual or monthly payments at the interest rate stated or implied within the leases. The interest rates for these leases are 2.05%. The City has $8,306,715 remaining in lease receivables and $8,306,715 remaining in deferred inflows as of September 30, 2022.

	Interest Rates	Receivable at Commencement	Lease Term in Years	Ending Balance
General fund:				
Land	2.05%	$ 4,999,994	25 years	$ 3,584,973
Cell sites	2.05%	7,567,648	30 years	4,721,742
				$ 8,306,715

Revenue Recognition

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent property tax receivable	$ 640,348	$ -
Ambulance	446,178	-
Mowing liens	199,904	-
Intergovernmental	133,657	-
Franchise Fees	186,254	-
Other	35,725	43,684
Total unavailable/unearned revenue for governmental funds	$ 1,642,066	$ 43,684

Note 6. Capital Assets

Capital asset activity as of September 30, 2022 was as follows:

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Governmental activities:					
Capital assets not being depreciated/amortized:					
Land	$ 29,695,621	$ 97,224	$ -	$ -	$ 29,792,845
Construction in progress	26,239,634	10,810,539	-	(48,197)	37,001,976
Total capital assets not being depreciated/amortized	55,935,255	10,907,763	-	(48,197)	66,794,821
Capital assets being depreciated/amortized:					
Buildings	24,355,620	160,500	-	-	24,516,120
Right-to-use leased buildings	-	645,510	-	-	645,510
Improvements other than buildings	32,460,449	-	-	-	32,460,449
Machinery and equipment	24,065,796	3,224,009	(1,838,026)	31,562	25,483,341
Right-to-use leased equipment	-	616,313	-	-	616,313
Infrastructure	171,587,095	2,070,686	-	16,635	173,674,416
Total capital assets being depreciated/amortized	252,468,960	6,717,018	(1,838,026)	48,197	257,396,149
Less accumulated depreciation/amortization:					
Buildings	(10,720,487)	(593,881)	-	-	(11,314,368)
Right-to-use leased buildings	-	(152,942)	-	-	(152,942)
Improvements other than buildings	(24,905,407)	(1,185,508)	-	-	(26,090,915)
Machinery and equipment	(19,001,643)	(1,709,405)	1,797,290	-	(18,913,758)
Right-to-use leased equipment	-	(129,537)	-	-	(129,537)
Infrastructure	(112,770,750)	(7,092,970)	-	-	(119,863,720)
Total accumulated depreciation/amortization	(167,398,287)	(10,864,243)	1,797,290	-	(176,465,240)
Total capital assets being depreciated/amortized, net	85,070,673	(4,147,225)	(40,736)	48,197	80,930,909
Governmental activities capital assets, net	$ 141,005,928	$ 6,760,538	$ (40,736)	$ -	$ 147,725,730

	Beginning Balance	Additions	Retirements	Adjustments/ Transfers	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	$ 1,044,622	$ -	$ -	$ -	$ 1,044,622
Construction in progress	10,072,064	5,045,140	-	(1,830,193)	13,287,011
Total capital assets not being depreciated	11,116,686	5,045,140	-	(1,830,193)	14,331,633
Capital assets being depreciated:					
Buildings	1,100,819	-	-	-	1,100,819
Improvements other than buildings	3,825,032	-	-	-	3,825,032
Machinery and equipment	10,847,241	703,845	(352,602)	-	11,198,484
Infrastructure	216,565,977	1,658,754	-	1,722,090	219,946,821
Total capital assets being depreciated	232,339,069	2,362,599	(352,602)	1,722,090	236,071,156
Less accumulated depreciation:					
Buildings	(657,470)	(26,263)	-	-	(683,733)
Improvements other than buildings	(848,300)	(239,119)	-	-	(1,087,419)
Machinery and equipment	(9,744,153)	(335,199)	352,602	-	(9,726,750)
Infrastructure	(113,053,056)	(6,702,314)	-	-	(119,755,370)
Total accumulated depreciation	(124,302,979)	(7,302,895)	352,602	-	(131,253,272)
Total capital assets being depreciated, net	108,036,090	(4,940,296)	-	1,722,090	104,817,884
Business-type activities capital assets, net	$ 119,152,776	$ 104,844	$ -	$ (108,103)	$ 119,149,517

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 349,372
Public safety	1,779,936
Public works	7,431,030
Culture and recreation	1,279,806
Community development	24,099
Total depreciation/amortization expense - governmental activities	$ 10,864,243
Business-type activities:	
Water and sewer	$ 6,123,518
Refuse	1,866
Drainage	1,177,511
Total depreciation expense - business-type activities	$ 7,302,895

Note 7. Employee's Retirement System

Plan Description

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that can be obtained at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to 100% of what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions.

The City can grant, as often as annually, another type of monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, the City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate	7.0%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility	20 years at any age, 5 years at age 60 and above
Updated service credit	100% repeating
Annuity increase (to retirees)	50% of CPI repeating

The City does not participate in Social Security.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Retirees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	324
Active employees	437
	1,043

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.03% and 13.11% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ending September 30, 2022, were $4,202,011, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions –

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2020	$ 152,452,998	$ 141,640,576	$ 10,812,422
Changes for the year:			
Service cost	4,988,887	-	4,988,887
Interest	10,255,417	-	10,255,417
Difference between expected and actual experience	1,288,866	-	1,288,866
Changes of assumptions	-	-	-
Contributions - employer	-	3,944,492	(3,944,492)
Contributions - employee	-	2,119,066	(2,119,066)
Net investment income	-	18,475,409	(18,475,409)
Benefit payments, including refunds of employee contributions	(6,030,668)	(6,030,668)	-
Administrative expense	-	(85,436)	85,436
Other changes	-	587	(587)
Net changes	10,502,502	18,423,450	(7,920,948)
Balance at 12/31/2021	$ 162,955,500	$ 160,064,026	$ 2,891,474

Sensitivity of the net pension liability to changes in the discount rate –

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 27,157,889	$ 2,891,474	$ (16,896,517)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of $1,256,006.

At September 30, 2022, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual economic experience	$ 1,296,686	$ -
Changes in actuarial assumptions	83,992	-
Difference between projected and actual investment earnings	-	9,486,021
Contributions subsequent to the measurement date	3,092,929	-
Total	$ 4,473,607	$ 9,486,021

$3,092,929 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2022 (i.e. recognized in the City's financial statements September 30, 2023).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement year ended December 31:	
2022	$ (1,082,531)
2023	(3,530,566)
2024	(1,709,312)
2025	(1,782,934)
Total	$ (8,105,343)

Note 8. Other Post-Employment Benefits (OPEB)

Post-retirement Health Care Benefits

Plan Description
The City offers its retired employees health insurance benefits through a single-employer defined benefit OPEB plan, under City policy. The benefit plan was established by the City in 2002 and last amended in 2005. No separate pension plan report is issued. This plan is administered by the City and no separate audited financial statements are available.

Benefits Provided
Retired employees who have satisfied the retirement requirement as defined by the Texas Municipal Retirement System (TMRS) are eligible to participate. The City has elected the retirement requirement as any age with 20 years of service or 5 years of service for age 60 and above. Retirees under 65 retiring under the TMRS system are eligible to receive premium payments of individual (not dependent) health insurance benefits for a period of time equal to one month for every full year of service with the City. Employees are eligible immediately upon retirement and the eligibility only runs from the retirement date. Active employees do not contribute any of their wage toward retiree health care benefits.

The City pays the employee-only premium for medical coverage, based on the City's Core Medical Plan Option. Retired employees are required to pay 100% of any additional premium expense for health benefits purchased upon retirement. Spouse and eligible dependents are eligible to continue to purchase health benefits per Chapter 175 provisions. The City does not pay any portion of spouse or dependent medical coverage.

As of the December 31, 2021 biennial actuarial valuation, the Trust's membership consisted of the following:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	13
Active Plan Members	428
Total Plan Members	441

Contributions and Funding Policy

The City has the authority to establish and amend the plan contributions by resolution of the City Council. The City contributes to the trust on an annual basis. Contributions by the City are established as part of the annual budget process and are based on amounts determined in the actuarial study prepared biennially. The City pays the retiree-only premium for medical coverage based on the City's Core Medical Plan Option for one month for each full year of service with the City of Rowlett.

Net OPEB Liability

The actuarial valuation was performed as of December 31, 2021.

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date:	December 31, 2021
Methods and Assumptions:	
Actuarial Cost Method	Individual Entry Age Normal
Discount Rate	6.25% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas Mortality Tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years; Post-65: Initial rate of 5.30% declining to an ultimate rate of 4.15% after 12 years;
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.
Notes	The attribution period for the accumulation of service costs is now based only on employment with the City of Rowlett.

Rate of Return

The long-term rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of December 31, 2021.

Asset Class:	Target Allocation	Asset Class Expected Rate of Return
Equity:		
Large Cap Core	32.00%	6.80%
Mid Cap Core	6.00%	6.80%
Small Cap Core	9.00%	7.00%
Real Estate	2.00%	6.30%
International	7.00%	7.20%
Emerging Markets	4.00%	7.20%
Fixed Income:		
Short Term Bond	6.75%	3.50%
Intermediate Term Bond	27.00%	4.20%
High Yield	1.25%	6.30%
Cash	5.00%	2.70%

Discount Rate

A single discount rate of 6.25% was used to measure the total OPEB liability. Based on the stated assumptions and the projection of cash flows as of each plan year, the OPEB plan's fiduciary net position and future contributions were sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Beginning Balance	$ 4,029,540	$ 1,570,609	$ 2,458,931
Service cost	198,762	-	198,762
Interest on total OPEB liability	248,544	-	248,544
Difference between expected and actual experience	(263,494)	-	(263,494)
Changes of assumptions	(307,755)	-	(307,755)
Employer contributions	-	388,580	(388,580)
Net investment income	-	199,758	(199,758)
Benefit payments	(304,439)	(304,439)	-
Administrative expenses	-	(9,895)	9,895
Net changes	(428,382)	274,004	(702,386)
Ending Balance	$ 3,601,158	$ 1,844,613	$ 1,756,545

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current discount rate.

Sensitivity of Net OPEB Liability to the Single Discount Rate Assumption		
1% Decrease 5.25%	Current Single Discount Rate Assumption 6.25%	1% Increase 7.25%
$ 2,075,652	$ 1,756,545	$ 1,469,678

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate.

Sensitivity of Net OPEB Liability to the Healthcare Cost Trend Rate Assumption		
1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
$ 1,383,152	$ 1,756,545	$ 2,195,479

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of $194,637. At September 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 7,088	$ 626,963
Changes in assumptions	125,544	339,524
Difference in expected and actual investment earnings	-	137,084
Contributions subsequent to the measurement date	168,672	-
Total	$ 301,304	$ 1,103,571

Deferred outflows of resources of $168,672 related to employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for fiscal year 2023. Other amounts reported as deferred outflows and inflows of resources will be recognized in OPEB expense in the following fiscal years:

2023	$	(157,950)
2024		(172,791)
2025		(155,133)
2026		(142,737)
2027		(121,193)
Thereafter		(221,135)
Total	$	(970,939)

Note 9. Long-Term Debt

A summary of long-term debt transactions, including the current portion, as of September 30, 2022, was as follows:

	Balance October 1, 2021	Issued Incurred	Retired or Refunded	Balance September 30, 2022	Due Within One Year
Governmental activities					
General obligation bonds	$ 102,844,376	$ 4,175,000	$ 7,505,316	$ 99,514,060	$ 8,245,044
Combined tax and surplus revenue certificates of obligation	1,875,000	-	180,000	1,695,000	185,000
Limited tax notes	185,000	-	185,000	-	-
Financed purchases	3,570,029	1,360,063	807,767	4,122,325	756,910
Bond premiums	7,290,832	172,059	867,754	6,595,137	-
Compensated absences	3,833,446	661,791	75,872	4,419,365	445,592
Net pension liability	9,921,302	-	7,358,559	2,562,743	-
Net OPEB liability	2,234,080	-	652,517	1,581,563	-
Right-to-use lease liability	-	1,261,823	267,918	993,905	279,617
Governmental activities long-term debt	$ 131,754,065	$ 7,630,736	$ 17,900,703	$ 121,484,098	$ 9,912,163
Business-type activities					
Water and sewer revenue bonds	$ 35,665,000	$ 7,600,000	$ 2,400,000	$ 40,865,000	$ 2,685,000
General obligation bonds	5,220,624	-	1,429,684	3,790,940	1,504,956
Financed purchases	89,634	-	89,634	-	-
Bond premiums	2,368,345	730,143	343,367	2,755,121	-
Compensated absences	164,545	20,404	12,662	172,287	16,564
Net pension liability	891,118	-	562,387	328,731	-
Net OPEB liability	224,851	-	49,869	174,982	-
Business-type activities long-term debt	$ 44,624,117	$ 8,350,547	$ 4,887,603	$ 48,087,061	$ 4,206,520

For the governmental activities, the net pension liability and the other post-employment benefit liability are generally liquidated by the General Fund.

Long-term debt for governmental activities at September 30, 2022 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Governmental activities					
General obligation bonds:					
2011 Refunding	$ 7,860,000	2.00-4.00	2/15/23	$ 770,000	$ 770,000
2012 Refunding	6,271,149	2.00-5.00	2/15/29	1,464,060	700,044
2013 Refunding	7,385,000	2.50-5.00	2/15/25	4,475,000	1,455,000
2014 Refunding	3,750,000	3.00-4.40	8/15/39	2,895,000	120,000
2015 Refunding and improvements	29,460,000	3.00-5.00	2/15/35	12,400,000	1,505,000
2016 Various purpose	4,105,000	4.00-5.00	2/15/36	3,430,000	185,000
2017 Various purpose	10,930,000	2.00-5.00	2/15/37	8,475,000	440,000
2018 Various purpose	19,255,000	3.00-5.00	2/15/38	17,090,000	760,000
2019 Various purpose	18,285,000	3.00-5.00	2/15/39	17,275,000	710,000
2020 Various purpose	18,185,000	2.00-5.00	2/15/40	17,365,000	550,000
2021 Various purpose	10,010,000	2.00-4.00	2/15/41	9,700,000	160,000
2022 Various purpose	4,175,000	4.00-5.00	2/15/42	4,175,000	890,000
				99,514,060	8,245,044
Combination tax and revenue certificates of obligation:					
2015 Various purpose	2,885,000	3.00-4.00	2/15/30	1,695,000	185,000
				1,695,000	185,000
Total governmental activities long-term bonded debt				101,209,060	8,430,044
Plus:					
Premiums and discounts				6,595,137	-
Net government activities long-term bonded debt				$ 107,804,197	$ 8,430,044

Long-term debt for business activities at September 30, 2022 includes the following individual issues:

	Original Issue Amount	Interest Rate (%)	Maturity Date	Outstanding	Due Within One Year
Business-type activities					
Utility system revenue bonds:					
2012 Various purpose	$ 8,525,000	2.00-3.50	3/1/32	$ 4,860,000	$ 420,000
2014 Various purpose	4,825,000	1.00-4.00	3/1/34	3,325,000	220,000
2015 Refunding	12,330,000	1.50-5.00	3/1/26	3,815,000	1,015,000
2018 Various purpose	4,775,000	3.375-5.00	3/1/38	4,150,000	180,000
2019 Various purpose	4,810,000	3.00-5.00	3/1/39	4,305,000	180,000
2020 Various purpose	6,590,000	2.00-5.00	3/1/40	6,160,000	235,000
2021 Various purpose	6,880,000	2.00-4.00	3/1/41	6,650,000	255,000
2022 Various purpose	7,600,000	5.00	3/1/42	7,600,000	180,000
				40,865,000	2,685,000
General obligation bonds:					
2012 Refunding	10,883,851	2.00-5.00	2/15/29	2,540,940	1,214,956
2015 Refunding	2,780,000	3.00-5.00	2/15/26	1,250,000	290,000
				3,790,940	1,504,956
Total business-type activities long-term bonded debt				44,655,940	4,189,956
Plus:					
Premiums and discounts				2,755,121	-
Net business-type activities long-term bonded debt				$ 47,411,061	$ 4,189,956

The annual requirements to amortize general and certificates of obligations bonds as of September 30, 2022 are summarized below:

	General and Certificates of Obligation Bonds					
Year Ended	Governmental Activities			Business-type Activities		
September 30,	Principal	Interest	Total	Principal	Interest	Total
2023	$ 8,430,044	$ 3,583,853	$ 12,013,897	$ 1,504,956	$ 151,146	$ 1,656,102
2024	7,538,428	3,231,820	10,770,248	1,581,572	73,983	1,655,555
2025	7,080,483	2,924,106	10,004,589	329,517	26,289	355,806
2026	5,830,483	2,638,086	8,468,569	349,517	9,479	358,996
2027	4,895,483	2,389,395	7,284,878	9,517	670	10,187
2028-2032	27,099,139	8,605,267	35,704,406	15,861	567	16,428
2033-2037	28,680,000	3,731,634	32,411,634	-	-	-
2038-2042	11,655,000	469,321	12,124,321	-	-	-
Total	$ 101,209,060	$ 27,573,482	$ 128,782,542	$ 3,790,940	$ 262,134	$ 4,053,074

The annual requirements to amortize water and sewer revenue bonds as of September 30, 2022 are summarized below:

Year Ended September 30,	Water and Sewer Revenue Bonds		
	Principal	Interest	Total
2023	$ 2,685,000	$ 1,560,814	$ 4,245,814
2024	2,855,000	1,399,319	4,254,319
2025	2,985,000	1,269,119	4,254,119
2026	2,570,000	1,144,594	3,714,594
2027	2,030,000	1,044,097	3,074,097
2028-2032	11,540,000	3,832,538	15,372,538
2033-2037	9,600,000	1,867,369	11,467,369
2038-2042	6,600,000	480,994	7,080,994
Total	$ 40,865,000	$ 12,598,844	$ 53,463,844

As of September 30, 2022, the City had authorized but unissued general obligation bonds outstanding as follows:

Date	Purpose	Amount Authorized	Previously Issued	Unissued Balance
5/1/2021	Road & Drainage	$ 19,499,000	$ 12,380,000	$ 7,119,000
5/1/2021	Public Safety	2,286,000	2,286,000	-
		$ 21,785,000	$ 14,666,000	$ 7,119,000

Bond Issuances

On July 14, 2022, the City issued "City of Rowlett, Texas, General Obligation Bonds, Series 2022," totaling $4,175,000 to finance the construction and improvement of city streets and drainage. These bonds incur an average cost over the life of the bonds at a rate of 4.00-5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2042.

On July 14, 2022, the City issued "City of Rowlett, Texas, Waterworks and Sewer System Revenue Bonds, Series 2022," totaling $7,600,000 to finance acquiring, constructing, installing and equipping additions, improvements and extensions to the City's waterworks and sewer system. These bonds incur an average cost over the life of the bonds at a rate of 5.00% and mature annually with semi-annual interest payments. The bonds will fully mature in 2042.

Revenue Bonds

Revenue Bonds are used to finance the acquisition of major capital improvements for the water and sewer system and related facilities. These revenue bonds constitute special obligations of the City solely secured by a lien on and pledge of net revenues of the water and sewer system.

The revenue bonds are collateralized by the revenue of the water and sewer system and the various special funds established by the bond ordinances. The ordinances provide that the revenue of the system is to be used first to pay operating and maintenance expenses of the system, second to establish and maintain the debt service fund and third to establish and maintain a required reserve fund. Any net revenues remaining may be used for any lawful purpose.

The bond indenture requires the City to make equal monthly installments to a debt service fund to pay principal and interest requirements as they become due. At September 30, 2022, a balance of $2,626,129 is restricted within the water and sewer fund for debt service requirements. The reserve fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the bonds similarly secured. No additional deposit to the reserve fund will be required upon issuance of the bonds. At September 30, 2022, a balance of $2,574,003 is restricted within the water and sewer reserve fund.

For fiscal year 2022, net revenue available for debt service was 4.66 times the average annual debt service requirement. The ordinances also contain provisions which, among other items, restrict the issuance of additional revenue bonds unless the special funds noted above contain required amounts and certain financial ratios are met.

Compliance with Debt Covenants

At September 30, 2022, and for the year then ended, the City was in compliance with all financial bond covenants on outstanding revenue and general obligation bonded debt.

Financed Purchases

In fiscal year 2022, the City entered into an agreement with Truist Bank to purchase a Patch Truck. The agreement is for a four year term expiring on August 10, 2026. Payments are $50,379 annually and carry an effective interest rate of 2.48%.

In fiscal year 2022, the City entered into an agreement with Signature Public Finance to purchase 75' Aerial Ladder Rear Mount Spartan Fire Apparatus. The agreement is for a nine year term expiring on December 17, 2030. Payments are $120,482 annually and carry an effective interest rate of 1.625%.

The City previously entered into an agreement Key Government Finance to purchase two fire trucks. The agreement is for a ten year term expiring on October 15, 2030. Payments are $228,031 annually and carry an effective interest rate of 1.37%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase two ambulances and bunker gear. The agreement is for a four year term based on delivery of equipment and expires on August 10, 2024. Payments are $181,239 annually and carry an effective interest rate of 1.57%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase a patch truck, backhoes, and a Gradall excavator. The agreement is for an approximate ninety month term based on delivery of equipment and expired on July 15, 2022. Payments were $116,620 annually and carried an effective interest rate of 1.905%.

The City previously entered into an agreement with US Bancorp Government Leasing and Financing, Inc. to purchase fire trucks. The agreement is for an approximate 127 month term based on delivery of equipment and expires on November 1, 2024. Payments are $198,831 annually and carry an effective interest rate of 2.01%.

The City previously entered into an agreement with Pinnacle Public Finance Inc. to purchase a self-contained breathing apparatus. The agreement is for an approximate 108 month term based on delivery of the equipment and expires on October 31, 2023. Payments are $44,683 annually and carry an effective interest rate of 2.63%.

The assets acquired through financed purchase are as follows:

	Water and Sewer	Governmental Activities	Total
Asset:			
Motor vehicles	$ -	$ 2,487,742	$ 2,487,742
Machinery and equipment	598,938	352,799	951,737
Less: accumulated depreciation	(597,990)	(2,508,508)	(3,106,498)
Total	$ 948	$ 332,033	$ 332,981

Pursuant to the terms of the finance purchase agreements, the following schedule represents the net present value of these minimum lease payments as of September 30:

Year Ending September 30,	Governmental Activities
2023	$ 823,647
2024	823,647
2025	597,724
2026	398,893
2027	348,514
Thereafter	1,394,056
Total minimum lease payments	4,386,481
Less: amount representing interest	(264,156)
Present value of minimum lease payments	$ 4,122,325

Right-to-Use Lease Liability

The City of Rowlett has entered into multiple lease agreements as lessee. The leases allow the right-to-use property, vehicles and equipment over the term of the lease. The City of Rowlett is required to make monthly or annual payments at its incremental borrowing rate or the interest rate stated or implied within the leases. The lease rate, term and ending lease liability are as follows:

Governmental activities	Interest Rate(s)	Liability at Commencement	Lease Term in Years	Ending Balance
Library Lease	2.05%	$ 809,593	7.0	$ 360,625
3809 Main Street	2.05%	168,709	5.0	137,993
Enterprise Vehicle Leases	0.32-0.43%	616,313	2 to 5	495,287
Total governmental activities				$ 993,905

The future principal and interest lease payments as of fiscal year end are as follows:

Fiscal Year Ending	Principal	Interest	Total
2023	$ 279,617	$ 28,851	$ 308,468
2024	279,498	20,077	299,575
2025	281,699	11,128	292,827
2026	124,094	4,100	128,194
2027	28,997	343	29,340
Total	$ 993,905	$ 64,499	$ 1,058,404

The value of the right-to-use assets as of the end of the current fiscal year was $1,261,823 and had accumulated amortization of $282,479.

Special Assessment Bonds

Special assessment bonds are used to finance the acquisition and construction of certain improvement projects and related debt issuance reserves and costs pertaining to public improvement districts. These bonds will be repaid from amounts levied against property owners benefitted by this construction. Those amounts, including interest, are 100 percent pledged to pay the scheduled principal and interest payments on the special assessment bonds. The bonds are secured by and payable from a first lien on and pledge of the Trust Estate. The City is only acting as an agent for the property owners and is in no way liable for repayment. The bonds have a stated rate of interest of 3.125-6.68 percent and are payable over the next 24-29 years.

	Sale Date	Original Borrowing	Interest Rate	Maturity Date	Outstanding
South	9/18/2017	$ 36,450,000	6.68	9/15/2047	$ 32,980,000
North	3/15/2016	$ 13,515,000	4.90 - 6.00	9/15/2046	$ 7,650,000
Cottonwood - MIA	6/10/2021	$ 5,065,000	3.75 - 4.25	9/15/2051	$ 5,065,000
Cottonwood - NIA	6/10/2021	$ 2,543,000	3.125 - 4.00	9/15/2051	$ 2,543,000

Note 10. Insurance

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the City purchased commercial insurance from Texas Municipal League (TML), a public entity risk pool, to cover these general liabilities, including worker's compensation. Both TML and the City purchased reinsurance and do not retain the entire risk of loss.

Policy	Retention	Limits of Liability
General Liability	$2,500 per occurrence	$2,000,000 per occurrence and $4,000,000 policy aggregate
Law Enforcement Liability & Errors and Omissions	$10,000 per occurrence	$3,000,000 per occurrence and $6,000,000 policy aggregate
Worker's Compensation	$0 per occurrence	Statutory
Property Loss	$1,000 per occurrence	$147,114,245
Automobile Liability	$2,500 per occurrence	$1,000,000 per occurrence and $25,000 each person
Automobile Physical Damage	$10,000 per occurrence $500 each vehicle	Agreed value as scheduled

The City maintains a self-insurance program for health insurance. Group medical benefits are paid from the Self-Insurance Fund (Internal Service Fund), which has an annually negotiated stop loss provision through United Healthcare. Revenues are recognized from payroll deductions from employee dependent coverage and from City contributions for employee coverage. The liabilities for insurance claims reported in the City's Self-Insurance Fund is based on GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These liabilities include an estimate for incurred but not reported (IBNR) claims. Change in the fund's claim liability in fiscal year 2022 and 2021 is as follows:

Fund		Liability, Beginning of year	Current year Claims and Changes in Estimates	Claim Payments	Liability, End of year
Self-Insurance	2022	$402,876	$5,525,967	$5,445,204	$483,639
Self-Insurance	2021	$330,085	$4,852,583	$4,779,792	$402,876

For all insurance categories, there were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage in each of the past three fiscal years.

Note 11. Interfund Transactions

A summary of interfund receivables and payables at September 30, 2022 is as follows:

	Due to
	General Fund
Due from	
Nonmajor Governmental Funds	$ 641,368
	$ 641,368

Interfund receivables and payables are primarily used to account for cash owed between funds that are expected to be repaid within one year or less.

The detail transfer schedule for the year ended September 30, 2022 was as follows:

Transfers from	Transfer to	Amount	Reason for Transfer
General	Capital projects	$ 2,099,820	Cash fund capital projects
	Debt service	245,790	Debt service payments
	Nonmajor governmental	5,787,862	Administrative
	Water & Sewer	990,517	Administrative
Nonmajor governmental	General	1,047,854	Administrative
Water and sewer	General	1,712,841	Franchise fee payments
Drainage	Capital projects	99,996	Cash fund capital projects
		$ 11,984,680	

The City makes transfers between its funds for several reasons. General and administrative (indirect) costs are allocated between operating funds, such as the General Fund and Water and Sewer Fund, to recover overhead and administrative cost of service performed by one fund for the benefit of another. The amounts transferred represent the net balance due between the funds based on the services provided.

A transfer from the Water and Sewer Fund to the General Fund is made for payment in lieu of franchise fees and represents similar charges paid by electric, gas, and cable and telecommunication franchises for use of City rights-of-way. This fee is calculated as 5% of gross revenues less interest earnings.

Note 12. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code, Section 457. The plan is administered by Mission Square Retirement and contributions are voluntary. All amounts of compensation under this plan are placed into investment pools administered by Mission Square Retirement. The plan, available to all regular employees, permits them to defer until future years up to 100% of compensation, not to exceed $20,500 ($27,000 if over age 50) per year. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

The City has amended its deferred compensation plans to conform with the requirements of subsection (g) of IRC Section 457 making all assets and income of the plans to be held in trust for the exclusive benefit of participants and beneficiaries. In accordance with GASB Statement No. 32, the City's Deferred Compensation Plan is no longer included in the financial statements of the City.

Note 13. Tax Abatement

The City of Rowlett enters into economic development agreements designed to promote development and redevelopment within the City, spur economic growth, stimulate commercial activity, generate additional taxes that enhance the property tax base, and provide job opportunities for our citizens. The City's economic development agreements are authorized under Chapter 380 of the Local Government Code; Chapter 311 (Tax Increment Financing Act) and Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code. Recipients may be eligible to receive incentives based on employment impact, economic impact or community impact as defined in the City's Policy on Economic Development Incentives. The City Economic Development staff also utilizes a third party software program to measure the economic impact of each project. Each economic development incentive agreement includes performance measures that are required for each recipient to meet and clawback/recapture provisions if such measures are not achieved.

The City has three categories of economic development agreements:

- General Economic Development – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements may rebate a flat amount or percentage of property tax received by the City; may result in fee reductions or waivers including building inspection fees or impact fees; or may make lump sum grant payments for new jobs, tenant improvements, grease traps, infrastructure improvements, or other expenses. For fiscal year 2022 the City of Rowlett rebated $978,191 in taxes.

- Tax Abatements – The City does not currently have any active tax abatement agreements but will consider them on a case-by-case basis for future projects.

- Tax Increment Financing – The City of Rowlett has two active Tax Increment Financing zones (TIFs) under Chapter 311 of the Texas Tax Code. The City enters into economic development and infrastructure reimbursement agreements which earmark TIF revenues for payments to developers and represent obligations over the life of the TIF or until all terms of the agreements have been met. For fiscal year 2022 the City of Rowlett reimbursed $551,880 under the TIF agreements.

Note 14. Commitments and Contracts

The City has several long-term agreements with significant commitments as follows:

(a) North Texas Municipal Water District Water Purchase Agreement – The City has a long-term contract with the North Texas Municipal Water District for the purchase of treated water. The original contract for water is dated June 3, 1965, and is for a period of 40 years. An amendatory contract was approved May 3, 1994 to extend the contract for a period of 30 years from the date of this amendment. Over the years, the contract has been amended to provide for additional services as the City has grown. Currently, the City receives water at three take points. For the year ended September 30, 2022, the City contracted for an annual requirement of 3,192,039,000 gallons. The actual amount of water taken was 2,823,646,000 gallons.

(b) City of Garland Sewage Treatment Agreement – The City entered into a contract with the City of Garland for sewage treatment effective April 2, 1991, which was later amended on June 8, 1994. Payments are determined based on actual metered flows into the City of Garland's treatment facility. No minimum payments are required. Rates are reviewed yearly and adjusted under the terms of the contract. It was renewed on June 17, 2021.

(c) Solid Waste Disposal Contract – In June 2017, the City contracted with FCC to provide collection of refuse and recyclable materials within the corporate limits of the City. The initial contract is for a period of seven years beginning October 1, 2017, and the City shall have the option to renew for three 1 year terms. Either party has the right to terminate the contract in writing. Collection rates may be adjusted yearly based upon the terms of the contract. An administrative fee assessed by the City is retained in the Enterprise Fund as a charge for service. Per section 5.02 of the contract with FCC, the listed acts or omissions shall be considered a breach of the contract and the City may require payment by the contractor of the charges set forth for each act listed.

(d) The City is involved in various claims and litigation arising in the ordinary course of operations, none of which, in the opinion of City officials and management, will have complex material effect on the City's financial position.

(e) The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed cash, if any, would not be material.

(f) As discussed in Note 1, Encumbrances, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General fund	$	2,481,024
Capital projects fund		4,165,836
Nonmajor governmental funds		620,125
Total governmental	$	7,266,985

Note 15. New Accounting Pronouncements

Statement No. 91, "Conduit Debt Obligations." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 96, "Subscription-Based Information Technology Arrangements." The requirements of this Statement are effective in fiscal year 2023.

Statement No. 99, "Omnibus 2022". The requirements of this standard are effective starting in fiscal year 2023. Requirements related to PPPs and SBITAs are effective in fiscal year 2023 and requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective in fiscal year 2024.

Statement No. 100, "Accounting Changes and Error Corrections". The requirements of this standard are effective in fiscal year 2024.

Statement No. 101, "Compensated Absences". The requirements of this standard are effective in fiscal year 2025.

Note 16. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2022, and through February 23, 2023, the date the financial statements were issued.

City Council adopted a resolution on February 7, 2023 directing publication of Notice to Intent to issue Certificates of Obligation in the amount not to exceed $12 million. The Certificates of Obligation will provide necessary funding for constructing, improving, and equipping a Public Safety Facility at Sapphire Bay.

City Council adopted an ordinance on November 15, 2022 establishing a Tax Increment Reinvestment Zone (TIRZ) in the area known as the North Shore District, to be named "Reinvestment Zone Number 4, City of Rowlett, Texas."

Required
Supplementary Information
(Unaudited)

Rowlett
TEXAS

City of Rowlett, Texas

Schedule of Revenues, Expenditures, and Changes
In Fund Balance – Budget (GAAP Basis) and Actual
General Fund
For The Fiscal Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 30,440,265	$ 30,539,645	$ 31,030,722	$ 491,077
Sales	7,657,582	7,812,222	8,855,809	1,043,587
Other	96,000	96,000	117,140	21,140
Franchise fees	2,856,199	2,856,199	3,083,672	227,473
Licenses and permits	1,278,603	1,278,603	2,223,183	944,580
Charge for services	3,026,807	3,026,807	3,953,109	926,302
Fines and forfeitures	647,695	647,695	527,124	(120,571)
Intergovernmental	332,077	7,183,938	7,171,508	(12,430)
Interest	88,877	88,877	161,043	72,166
Miscellaneous	1,032,307	1,032,307	1,425,476	393,169
Total revenues	47,456,412	54,562,293	58,548,786	3,986,493
EXPENDITURES				
Current operating:				
General government	5,846,308	6,975,193	5,874,264	1,100,929
Public safety	27,315,382	26,942,650	27,158,801	(216,151)
Public works	2,826,933	3,047,367	3,119,115	(71,748)
Culture and recreation	5,768,137	5,636,710	5,275,437	361,273
Community development	4,428,734	4,107,711	4,015,009	92,702
Debt service:				
Principal retirement	682,813	791,258	954,660	(163,402)
Interest and fiscal charges	38,739	50,777	51,900	(1,123)
Capital outlay	1,942,010	2,432,420	3,566,473	(1,134,053)
Total expenditures	48,849,056	49,984,086	50,015,659	(31,573)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,392,644)	4,578,207	8,533,127	3,954,920
OTHER FINANCING SOURCES (USES)				
Financed purchase proceeds	-	-	1,360,063	1,360,063
Right-to-use lease proceeds	-	-	645,510	645,510
Transfers from other funds	2,767,965	2,767,965	2,760,695	(7,270)
Transfers to other funds	(2,281,344)	(9,148,991)	(9,123,989)	25,002
Proceeds from sale of assets	-	-	134,176	134,176
Total other financing sources (uses)	486,621	(6,381,026)	(4,223,545)	2,157,481
CHANGE IN FUND BALANCE	(906,023)	(1,802,819)	4,309,582	6,112,401
TOTAL FUND BALANCE, BEGINNING	21,992,965	21,992,965	21,992,965	-
TOTAL FUND BALANCE, ENDING	$ 21,086,942	$ 20,190,146	$ 26,302,547	$ 6,112,401

City of Rowlett, Texas

Texas Municipal Retirement System
Schedule of Changes in Net Pension Liability and Related Ratios
For the Fiscal Year Ended September 30, 2022

	2014*	2015*	2016*
Total pension liability			
Service cost	$ 3,106,700	$ 3,555,319	$ 3,690,762
Interest (on the total pension liability)	6,620,134	7,030,685	7,372,900
Difference in expected and actual experience	(1,127,265)	253,140	71,676
Change in assumptions	-	1,366,618	-
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Net change in total pension liability	5,862,267	9,025,328	7,348,400
Total pension liability, beginning of year	94,388,644	100,250,911	109,276,239
Total pension liability, ending of year	$ 100,250,911	$ 109,276,239	$ 116,624,639
Plan fiduciary net position			
Contributions -employer	$ 2,683,946	$ 2,843,382	$ 2,763,065
Contributions -employee	1,398,930	1,524,019	1,557,284
Net investment income	4,970,464	137,446	6,379,417
Benefit payments, including refunds of employee contributions	(2,737,302)	(3,180,434)	(3,786,938)
Administrative expense	(51,890)	(83,712)	(72,034)
Other	(4,266)	(4,134)	(3,881)
Net change in plan fiduciary net position	6,259,882	1,236,567	6,836,913
Plan fiduciary net position - beginning	86,881,077	93,140,959	94,377,526
Plan fiduciary net position - ending	$ 93,140,959	$ 94,377,526	$ 101,214,439
Net pension liability - ending	$ 7,109,952	$ 14,898,713	$ 15,410,200
Plan fiduciary net position as a % of total pension liability	92.91%	86.37%	86.79%
Covered payroll	$ 19,984,712	$ 21,771,702	$ 22,246,910
Net pension liability as a % of covered payroll	35.58%	68.43%	69.27%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Rowlett, Texas

Texas Municipal Retirement System

Schedule of Changes in Net Pension Liability and Related Ratios - Continued

For the Fiscal Year Ended September 30, 2022

2017*	2018*	2019*	2020*	2021*
$ 3,927,237	$ 4,229,958	$ 4,583,856	$ 4,629,830	$ 4,988,887
7,871,621	8,415,681	9,001,835	9,622,787	10,255,417
221,315	557,304	347,501	484,635	1,288,866
-	-	328,627	-	-
(3,943,302)	(4,279,472)	(5,112,776)	(5,058,278)	(6,030,668)
8,076,871	8,923,471	9,149,043	9,678,974	10,502,502
116,624,639	124,701,510	133,624,981	142,774,024	152,452,998
$ 124,701,510	$ 133,624,981	$ 142,774,024	$ 152,452,998	$ 162,955,500
$ 3,084,838	$ 3,369,540	$ 3,570,170	$ 3,681,858	$ 3,944,492
1,661,067	1,803,271	1,949,392	1,974,943	2,119,066
14,029,963	(3,474,715)	17,526,632	9,958,930	18,475,409
(3,943,302)	(4,279,472)	(5,112,776)	(5,058,278)	(6,030,668)
(72,699)	(67,138)	(98,989)	(64,415)	(85,436)
(3,684)	(3,509)	(2,974)	(2,514)	585
14,756,183	(2,652,023)	17,831,455	10,490,524	18,423,448
101,214,439	115,970,622	113,318,599	131,150,054	141,640,578
$ 115,970,622	$ 113,318,599	$ 131,150,054	$ 141,640,578	$ 160,064,026
$ 8,730,888	$ 20,306,382	$ 11,623,970	$ 10,812,420	$ 2,891,474
93.00%	84.80%	91.86%	92.91%	98.23%
$ 23,729,529	$ 25,761,010	$ 27,848,458	$ 28,213,467	$ 30,272,375
36.79%	78.83%	41.74%	38.32%	9.55%

City of Rowlett, Texas
Texas Municipal Retirement System
Schedule of Contributions
For the Fiscal Year Ended September 30, 2022

	2015*	2016*	2017*
Actuarially determined contributions	$ 2,852,497	$ 2,821,242	$ 2,973,731
Actual contributions	(2,852,497)	(2,821,242)	(2,973,731)
Contributions deficiency (excess)	$ -	$ -	$ -
City covered payroll	$ 21,685,946	$ 22,428,002	$ 23,115,523
Ratio of actual contributions to covered payroll amount	13.15%	12.58%	12.86%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Method	24 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis scale UMP.

Other Information

There were no benefit changes during the year.

City of Rowlett, Texas

Texas Municipal Retirement System

Schedule of Contributions – Continued

For the Fiscal Year Ended September 30, 2022

2018*	2019*	2020*	2021*	2022*
$ 3,286,439	$ 3,457,517	$ 3,668,493	$ 3,825,628	$ 4,202,011
(3,286,439)	(3,457,517)	(3,668,493)	(3,825,628)	(4,202,011)
$ -	$ -	$ -	$ -	$ -
$ 25,162,426	$ 26,835,715	$ 28,245,354	$ 29,942,468	$ 32,103,897
13.06%	12.88%	12.99%	12.78%	13.09%

City of Rowlett, Texas

Other Post-Employment Benefits –
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Fiscal Year Ended September 30, 2022

Measurement period ending December 31,	2017*	2018*	2019*
Total OPEB liability			
Service cost	$ 161,071	$ 163,487	$ 189,521
Interest on the total OPEB liability	235,666	253,200	266,296
Changes in benefit terms	-	-	-
Difference in expected and actual experience	-	(121,085)	(487,619)
Change in assumptions	-	-	(98,891)
Benefit payments	(181,655)	(94,699)	(134,502)
Net change in total OPEB liability	215,082	200,903	(265,195)
Total OPEB liability, beginning of year	3,501,633	3,716,715	3,917,618
Total OPEB liability, ending of year	$ 3,716,715	$ 3,917,618	$ 3,652,423
Plan fiduciary net position			
Employer contributions	$ 219,240	$ 426,005	$ 467,264
OPEB plan net investment income	45,384	(34,114)	148,253
Benefit payments	(181,655)	(94,699)	(134,502)
OPEB plan administrative expense	(2,098)	(2,456)	(4,636)
Other	-	-	-
Net change in plan fiduciary net position	80,871	294,736	476,379
Plan fiduciary net position - beginning	348,625	429,496	724,232
Plan fiduciary net position - ending	$ 429,496	$ 724,232	$ 1,200,611
Net OPEB liability - ending	$ 3,287,219	$ 3,193,386	$ 2,451,812
Plan fiduciary net position as a % of total OPEB liability	11.56%	18.49%	32.87%
Covered payroll	$ 23,729,529	$ 25,761,010	$ 27,848,458
Net pension liability as a % of covered payroll	13.85%	12.40%	8.80%

* As of December 31 - Measurement Date

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The period of service used for the allocation of service costs was changed to only reflect service with Rowlett.

City of Rowlett, Texas

Other Post-Employment Benefits –

Schedule of Changes in Net OPEB Liability and Related Ratios - Continued

For the Fiscal Year Ended September 30, 2022

2020*	2021*
$ 155,448	$ 198,762
245,211	248,544
-	-
9,151	(263,494)
162,080	(307,755)
(194,773)	(304,439)
377,117	(428,382)
3,652,423	4,029,540
$ 4,029,540	$ 3,601,158
$ 421,302	$ 388,580
150,432	199,758
(194,773)	(304,439)
(6,963)	(9,895)
-	-
369,998	274,004
1,200,611	1,570,609
$ 1,570,609	$ 1,844,613
$ 2,458,931	$ 1,756,545
38.98%	51.22%
$ 28,213,467	$ 30,272,375
8.72%	5.80%

City of Rowlett, Texas

Other Post-Employment Benefits – Schedule of Contributions

For the Fiscal Year Ended September 30, 2022

	2018*	2019*	2020*	2021*
Actuarially determined contributions	$ 354,221	$ 420,194	$ 426,497	$ 432,894
Actual contributions	(126,473)	(429,293)	(538,938)	(501,019)
Contributions deficiency (excess)	$ 227,748	$ (9,099)	$ (112,441)	$ (68,125)
City covered payroll	$ 25,162,426	$ 26,835,715	$ 28,245,354	$ 29,942,468
Ratio of actual contributions to covered payroll amount	0.50%	1.60%	1.91%	1.67%

* As of September 30 - Fiscal Year

The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Notes to Schedule

Valuation Date	The actuarially determined contribution for fiscal year ending September 30, 2022 was developed in the December 31, 2019 valuation.

Methods and Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Amortization Method	Level percentage of pay
Amortization Period	19 years as of FYE22
Asset Valuation	Market Vaue
Investment Rate of Return	6.75%, net of investment expenses, including inflation
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Payroll Growth	1.50% for amortization of unfunded liabilities, 3.00% for other purposes
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare Cost Trend Rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years; Post-65: Initial rate of 5.50% declining to an ultimate rate of 4.15% after 14 years.
Participation Rates	It was assumed that 85% of retirees during the funded period and 10% of retirees after the funded period would choose to receive retiree health care benefits through the City. No employees retiring before the age of 50 were assumed to continue their health coverage through the City.

City of Rowlett, Texas
Other Post-Employment Benefits –
Schedule of Contributions - Continued
For the Fiscal Year Ended September 30, 2022

2022*
$ 369,390
(329,556)
$ 39,834
$32,103,897
1.03%

1. Basis of Budgeting

The Budgetary Comparison Schedule, included in Required Supplemental Schedules, presents a comparison of budgetary data to actual results of operations for the General Fund in which an annual operating budget was legally adopted. This schedule utilizes the same basis of accounting for both budgetary purposes and actual results.

Other Supplementary Information

City of Rowlett, Texas

Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended September 30, 2022

	Original Budget	Final Budget	Actual Amounts	Variance Positive (Negative)
REVENUES				
Taxes:				
Property	$ 11,677,593	$ 11,720,693	$ 11,899,230	$ 178,537
Interest	6,250	6,250	17,736	11,486
Total revenues	11,683,843	11,726,943	11,916,966	190,023
EXPENDITURES				
Current operating:				
General government	85,000	85,000	94,553	(9,553)
Debt service:				
Principal retirement	7,870,316	7,870,316	7,870,316	-
Interest and fiscal charges	3,755,337	3,760,337	3,745,787	14,550
Total expenditures	11,710,653	11,715,653	11,710,656	4,997
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(26,810)	11,290	206,310	195,020
OTHER FINANCING SOURCES				
Transfers in	245,790	245,790	245,790	-
Total other financing sources	245,790	245,790	245,790	-
CHANGE IN FUND BALANCES	218,980	257,080	452,100	195,020
FUND BALANCES, BEGINNING	1,728,545	1,728,545	1,728,545	-
FUND BALANCES, ENDING	$ 1,947,525	$ 1,985,625	$ 2,180,645	$ 195,020

City of Rowlett, Texas

Description of Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for particular purposes. Individual funds maintained are as follows:

Impact Fees Fund – to account for street impact and park prorata fees on new development. These funds are restricted to capital improvements included in an approved plan, developer refund and/or incentives, and impact fee study expenses.

Police Seizure Fund – to account for funds awarded as a result of court forfeitures of contraband pursuant to the Texas Code of Criminal Procedure. The law provides for a special fund to be established and to be used solely for law enforcement purposes.

Child Safety Fund – to account for funds collected in accordance with Transportation Code Section 502.403 (Optional County Fee for Child Safety) which allows the Dallas County Commissioner's Court to levy a $1.50 fee on all vehicles registered in Dallas County. Starting in fiscal year 2019, the fee is to be shared on a quarterly basis with the municipalities within Dallas County. A municipality with a population less than 850k must use the funds collected under article 102.014(g) of Code of Criminal Procedure for a school crossing guard program.

Jury Fund – A Local Consolidated Fee of $14 is collected on all nonjailable misdemeanor offenses. Ten cents of that fee is collected in the Jury fund and may only be used by the municipality to fund juror reimbursements and otherwise finance jury services.

CVE Fund – Commercial Vehicle Enforcement fund is set up to collect fees from the CVE program to pay for the cost of administering the program that includes salaries, benefits, training, and equipment.

Court Fees Fund – to account for revenue generated on court fines for the purpose of paying salary and benefits for a juvenile case manager, acquiring qualifying technology for the municipal court, and for the purpose of providing security services for the municipal court, as allowed under Article 102 of the Texas Code of Criminal Procedure.

Grant Fund – to account for funds awarded to the City by various federal or state agencies. This fund includes funds granted to the City by the U.S. Department of Housing and Urban Development (HUD) under their community development block grant (CDBG) programs, other public safety grants, and library grants.

TIF Fund – to account for property taxes on improvements in the City's Tax – Increment Financing Reinvestment Zone Number One, Two, and Three. These funds may only be used for capital improvements within the designated zone.

Disaster Fund – to account for revenues and expenditures related to unexpected natural disasters.

PID Fund – to account for the activity of the Public Improvement District created by the City.

Sapphire Bay Development Project – Master development agreement with Sapphire Bay Land Holdings LLC requiring the City of Rowlett to set up a project fund and deposit certain revenues and apply eligible expenses as defined in the agreement.

Other Special Revenue Fund – to account for funds received from a tax on the cost of occupancy in hotels and motels within the City limits of Rowlett and revenues received for public access television (PEG fees). The hotel/motel tax funds may only be utilized to promote tourism and the convention and hotel industry. The PEG fees collected may only be utilized for the capital costs of facilities and equipment of public, educational, and government access channels.

City of Rowlett, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2022

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
ASSETS				
Cash, cash equivalents and investments	$ 8,844,753	$ 633,154	$ 32,083	$ -
Receivables (net of allowance for uncollectibles):				
Taxes	-	-	-	-
Accrued interest	4,464	-	21	-
Other	-	-	3,654	-
Due from other governments	-	-	-	-
Prepaid and other items	-	5,614	-	300
Total assets	$ 8,849,217	$ 638,768	$ 35,758	$ 300
LIABILITIES				
Accounts payable	$ 3,370	$ 5,451	$ -	$ -
Accrued liabilities	-	23,686	4,955	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	3,370	29,137	4,955	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - grants	-	-	-	-
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other (court fines)	-	-	-	-
Total deferred inflows of resources	-	-	-	-
FUND BALANCES				
Nonspendable - Prepaid items	-	5,614	-	300
Restricted for:				
Capital projects	8,845,847	-	-	-
Public safety	-	604,017	30,803	-
Community development	-	-	-	-
Public broadcasting	-	-	-	-
Assigned for:				
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	8,845,847	609,631	30,803	300
Total liabilities and fund balances	$ 8,849,217	$ 638,768	$ 35,758	$ 300

Special Revenue									
CVE Fund	Court Fees	Grant	TIF	Disaster	PID	Saphhire Bay Development Project	Other	Total Governmental Funds
$ 127,480	$ 224,337	$ -	$ 233,581	$ 5,927,009	$ 5,518	$ 841,263	$ 694,623	$ 17,563,801
-	-	-	1,649	-	-	-	100,010	101,659
60	123	-	103	-	-	228	375	5,374
-	673	-	-	-	-	-	28,046	32,373
-	-	741,845	-	334,017	-	-	-	1,075,862
-	-	-	-	-	-	-	598	6,512
$ 127,540	$ 225,133	$ 741,845	$ 235,333	$ 6,261,026	$ 5,518	$ 841,491	$ 823,652	$ 18,785,581
$ 9,500	$ 1,664	$ 18,811	$ 956	$ -	$ -	$ -	$ -	$ 39,752
5,631	8,560	51,169	-	5,121	-	-	-	99,122
-	-	25,499	-	-	5,518	-	-	31,017
-	-	641,368	-	-	-	-	-	641,368
15,131	10,224	736,847	956	5,121	5,518	-	-	811,259
-	-	133,657	-	-	-	-	-	133,657
-	-	-	1,649	-	-	-	-	1,649
-	673	-	-	-	-	-	-	673
-	673	133,657	1,649	-	-	-	-	135,979
-	-	-	-	-	-	-	598	6,512
-	-	-	215,411	-	-	-	-	9,061,258
112,409	214,236	-	-	-	-	-	-	961,465
-	-	-	17,317	-	-	841,491	222,232	1,081,040
-	-	-	-	-	-	-	600,822	600,822
-	-	-	-	6,255,905	-	-	-	6,255,905
-	-	(128,659)	-	-	-	-	-	(128,659)
112,409	214,236	(128,659)	232,728	6,255,905	-	841,491	823,652	17,838,343
$ 127,540	$ 225,133	$ 741,845	$ 235,333	$ 6,261,026	$ 5,518	$ 841,491	$ 823,652	$ 18,785,581

City of Rowlett, Texas

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2022

	Special Revenue			
	Impact Fees	Police Seizure	Child Safety	Jury Fund
REVENUES				
Taxes:				
Property taxes	$ -	$ -	$ -	$ -
Other	-	-	-	-
Franchise fees	-	-	-	-
License and permits	1,211,352	-	-	-
Fines and forfeitures	-	239,603	-	469
Intergovernmental	-	-	65,567	-
Interest	48,245	-	147	-
Miscellaneous	-	34,712	-	-
Total revenues	1,259,597	274,315	65,714	469
EXPENDITURES				
Current operating:				
General government	-	-	-	-
Public safety	-	126,843	81,898	572
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community Development	-	-	-	-
Capital outlay	36,351	-	-	-
Total expenditures	36,351	126,843	81,898	572
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,223,246	147,472	(16,184)	(103)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Proceeds from sale of assets	-	-	-	-
Total other financing sources	-	-	-	-
NET CHANGE IN FUND BALANCES	1,223,246	147,472	(16,184)	(103)
FUND BALANCES, BEGINNING	7,622,601	462,159	46,987	403
FUND BALANCES, ENDING	$ 8,845,847	$ 609,631	$ 30,803	$ 300

Special Revenue								
CVE Fund	Court Fees	Grant	TIF	Disaster	PID	Saphhire Bay Development Project	Other	Total Governmental Funds
$ -	$ -	$ -	$ 881,607	$ -	$ -	$ -	$ -	$ 881,607
-	-	-	-	-	-	-	318,533	318,533
-	-	-	-	-	-	-	119,726	119,726
-	-	-	-	-	-	839,019	-	2,050,371
397,264	67,383	-	-	-	-	-	-	704,719
-	-	2,986,585	-	616,175	-	-	-	3,668,327
1,323	1,206	-	1,424	-	-	2,472	3,555	58,372
-	-	-	-	-	-	-	-	34,712
398,587	68,589	2,986,585	883,031	616,175	-	841,491	441,814	7,836,367
-	-	51,952	777,092	312,620	-	-	255,518	1,397,182
298,858	178,435	1,995,192	-	-	-	-	-	2,681,798
-	-	208,462	-	-	-	-	-	208,462
-	-	136,892	-	-	-	-	-	136,892
-	-	-	-	-	-	-	-	-
74,734	-	269,945	-	99,500	-	-	115,071	595,601
373,592	178,435	2,662,443	777,092	412,120	-	-	370,589	5,019,935
24,995	(109,846)	324,142	105,939	204,055	-	841,491	71,225	2,816,432
-	96,648	-	-	5,691,214	-	-	-	5,787,862
-	-	-	(15,000)	(1,032,854)	-	-	-	(1,047,854)
-	-	-	-	-	-	-	-	-
-	96,648	-	(15,000)	4,658,360	-	-	-	4,740,008
24,995	(13,198)	324,142	90,939	4,862,415	-	841,491	71,225	7,556,440
87,414	227,434	(452,801)	141,789	1,393,490	-	-	752,427	10,281,903
$ 112,409	$ 214,236	$ (128,659)	$ 232,728	$ 6,255,905	$ -	$ 841,491	$ 823,652	$ 17,838,343

Rowlett
TEXAS

Statistical Section
(Unaudited)

Rowlett
TEXAS

Statistical Section
(Unaudited)

Tables in the statistical section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the overall financial health of the City.

Tables

Financial Trends
These schedules contain trend information to help the reader understand how financial performance and well-being have changed over time. 1-4

Revenue Capacity
These schedules contain trend information to help the reader access the City's most significant local revenue source, the property tax. 5-9

Debt Capacity
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. 10-14

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. 15-16

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. 17-19

City of Rowlett, Texas

Net Position by Component (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
	2022	2021	2020	2019
Governmental activities:				
Net investment in capital assets	$ 82,362,882	$ 78,581,151	$ 75,468,383	$ 61,372,712
Restricted	15,083,766	11,972,802	11,456,839	5,819,967
Unrestricted	23,586,713	12,200,090	8,314,692	5,234,368
Total governmental activities net position	$ 121,033,361	$ 102,754,043	$ 95,239,914	$ 72,427,047
Business-type activities:				
Net investment in capital assets	$ 95,391,939	$ 94,944,109	$ 94,475,722	$ 75,234,817
Restricted	5,200,132	4,532,998	4,142,581	3,870,795
Unrestricted	32,168,574	25,792,131	21,383,533	20,777,879
Total business-type activities net position	$ 132,760,645	$ 125,269,238	$ 120,001,836	$ 99,883,491
Primary government:				
Net investment in capital assets	$ 177,754,821	$ 173,525,260	$ 169,944,105	$ 136,607,529
Restricted	20,283,898	16,505,800	15,599,420	9,690,762
Unrestricted	55,755,287	37,992,221	29,698,225	26,012,247
Total primary government net position	$ 253,794,006	$ 228,023,281	$ 215,241,750	$ 172,310,538

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 1

Fiscal Year					
2018	**2017**	**2016**	**2015**	**2014**	**2013**
$ 57,007,151	$ 56,614,842	$ 49,737,154	$ 49,251,730	$ 47,572,344	$ 38,863,695
5,327,063	3,371,581	2,814,485	3,427,940	3,385,346	9,137,747
4,509,719	4,926,152	3,122,284	1,526,343	3,796,330	5,469,081
$ 66,843,933	$ 64,912,575	$ 55,673,923	$ 54,206,013	$ 54,754,020	$ 53,470,523
$ 75,255,958	$ 72,739,710	$ 67,798,118	$ 65,405,576	$ 64,531,695	$ 63,171,705
3,799,689	3,734,307	3,841,031	2,392,009	2,093,242	2,197,202
13,948,336	11,050,293	9,414,010	6,802,140	5,415,474	8,162,875
$ 93,003,983	$ 87,524,310	$ 81,053,159	$ 74,599,725	$ 72,040,411	$ 73,531,782
$ 132,263,109	$ 129,354,552	$ 117,535,272	$ 114,657,306	$ 112,104,039	$ 102,035,400
9,126,752	7,105,888	6,655,516	5,819,949	5,478,588	11,334,949
18,458,055	15,976,445	12,536,294	8,328,483	9,211,804	13,631,956
$ 159,847,916	$ 152,436,885	$ 136,727,082	$ 128,805,738	$ 126,794,431	$ 127,002,305

City of Rowlett, Texas

Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis Of Accounting)

	Fiscal Year			
Expenses	**2022**	**2021**	**2020**	**2019**
Governmental activities:				
General government	$ 7,407,891	$ 7,691,022	$ 7,659,005	$ 5,420,785
Public safety	30,304,339	27,444,563	27,749,819	27,289,033
Public works	16,261,480	17,094,758	13,601,146	13,180,957
Culture and recreation	6,429,288	5,943,141	5,980,810	6,568,110
Community Development	3,813,650	3,221,536	3,230,325	3,501,440
Interest and fiscal charges	3,315,859	3,442,109	3,311,592	2,985,086
Total governmental activities	67,532,507	64,837,129	61,532,697	58,945,411
Business-type activities:				
Water and sewer	29,648,243	29,004,365	29,328,206	29,326,748
Refuse	6,567,661	6,582,191	6,469,157	6,095,125
Drainage	2,144,224	1,589,063	1,725,900	1,676,108
Total business-type activities	38,360,128	37,175,619	37,523,263	37,097,981
Total primary government expenses	$ 105,892,635	$ 102,012,748	$ 99,055,960	$ 96,043,392
Program Revenues				
Governmental activities:				
Charges for services:				
General government	$ 93,405	$ 87,167	$ 87,097	$ 73,326
Public safety	3,266,468	2,912,906	3,075,507	2,982,871
Public works	2,893,749	2,025,673	1,647,102	1,837,763
Culture and recreation	954,198	656,584	284,904	855,995
Community Development	3,205,965	2,201,792	2,393,835	1,637,391
Operating grants and contributions	9,774,522	2,245,059	5,432,039	1,579,710
Capital grants and contributions	6,257,256	5,410,366	17,909,654	4,400,205
Total governmental activities program revenues	26,445,563	15,539,547	30,830,138	13,367,261
Business-type activities:				
Charges for services:				
Water and sewer	34,208,501	32,283,237	32,827,177	32,564,897
Refuse	6,826,434	6,600,670	6,414,887	6,040,064
Drainage	1,454,433	1,437,417	1,402,172	1,397,830
Capital grants and contributions	3,824,497	3,762,789	18,328,364	5,084,099
Total business-type activities program revenues	46,313,865	44,084,113	58,972,600	45,086,890
Total primary government revenues	$ 72,759,428	$ 59,623,660	$ 89,802,738	$ 58,454,151
Net (expense)/revenue				
Governmental activities	$ (41,086,944)	$ (49,297,582)	$ (30,702,559)	$ (45,578,150)
Business-type activities	7,953,737	6,908,494	21,449,337	7,988,909
Total primary government net expense	$ (33,133,207)	$ (42,389,088)	$ (9,253,222)	$ (37,589,241)
General Revenue and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property taxes	$ 43,882,591	$ 41,951,898	$ 39,124,891	$ 35,818,604
Sales taxes	8,855,809	8,089,146	7,206,313	7,175,368
Other	435,673	215,083	99,036	173,416
Franchise fees	3,193,838	2,867,108	3,018,982	3,178,867
Investment earnings	612,775	49,269	1,029,614	1,704,720
Gain on sale/retirement of capital assets	-	-	-	-
Miscellaneous	1,563,256	1,964,017	1,293,788	1,381,289
Transfers (net)	822,320	1,675,190	1,742,802	1,729,000
Total governmental activities	59,366,262	56,811,711	53,515,426	51,161,264
Business-type activities:				
Investment earnings	300,999	18,762	375,999	586,972
Gain on sale/retirement of capital assets	-	-	4,255	15,031
Miscellaneous	58,991	15,336	31,556	17,596
Transfers (net)	(822,320)	(1,675,190)	(1,742,802)	(1,729,000)
Total business-type activities	(462,330)	(1,641,092)	(1,330,992)	(1,109,401)
Total primary government	$ 58,903,932	$ 55,170,619	$ 52,184,434	$ 50,051,863
Changes in Net Position				
Governmental activities	$ 18,279,318	$ 7,514,129	$ 22,812,867	$ 5,583,114
Business-type activities	7,491,407	5,267,402	20,118,345	6,879,508
Total primary government	$ 25,770,725	$ 12,781,531	$ 42,931,212	$ 12,462,622

Source: City of Rowlett - Annual Comprehensive Financial Reports

2018	2017	2016	2015	2014	2013
$ 4,488,176	$ 4,009,554	$ 8,661,210	$ 3,812,283	$ 3,743,246	$ 3,079,438
24,585,595	23,615,382	23,496,850	21,682,963	20,994,087	19,791,298
12,549,250	10,948,955	10,171,825	12,001,156	12,040,271	11,690,444
5,923,484	5,689,940	5,517,845	5,210,607	5,152,775	5,100,405
3,263,380	3,531,966	2,364,074	1,586,203	1,230,969	1,183,670
2,646,178	2,313,657	2,312,864	2,731,650	3,407,157	2,848,832
53,456,063	50,109,454	52,524,668	47,024,862	46,568,505	43,694,087
28,467,611	24,873,275	25,018,832	22,361,784	23,176,635	21,215,288
5,747,436	3,997,901	3,835,050	3,782,412	3,986,352	3,640,452
1,674,868	1,856,605	1,780,188	2,008,406	1,980,987	1,865,797
35,889,915	30,727,781	30,634,070	28,152,602	29,143,974	26,721,537
$ 89,345,978	$ 80,837,235	$ 83,158,738	$ 75,177,464	$ 75,712,479	$ 70,415,624
$ 65,207	$ 57,609	$ 27,250	$ 36,452	$ 56,240	$ 90,267
2,494,684	2,310,649	2,923,557	2,736,415	2,887,395	3,058,323
2,565,725	1,018,438	958,097	1,520,964	495,015	341,707
921,069	1,021,800	925,832	948,832	915,945	958,111
1,998,492	2,130,381	1,706,037	1,229,248	977,198	860,925
543,883	1,135,141	2,035,858	520,843	418,983	817,022
1,567,932	7,722,894	1,851,705	1,715,530	3,878,487	6,735,636
10,156,992	15,396,912	10,428,336	8,708,284	9,629,263	12,861,991
31,574,148	27,688,606	26,561,193	26,596,651	24,659,862	25,341,837
5,728,612	5,139,251	4,911,283	4,903,537	5,081,709	4,681,715
1,380,266	1,356,154	1,320,362	1,337,982	1,331,572	1,328,989
2,952,879	5,101,806	7,202,846	2,723,019	621,061	938,393
41,635,905	39,285,817	39,995,684	35,561,189	31,694,204	32,290,934
$ 51,792,897	$ 54,682,729	$ 50,424,020	$ 44,269,473	$ 41,323,467	$ 45,152,925
$ (43,299,071)	$ (34,712,542)	$ (42,096,332)	$ (38,316,578)	$ (36,939,242)	$ (30,832,096)
5,745,990	8,558,036	9,361,614	7,408,587	2,550,230	5,569,397
$ (37,553,081)	$ (26,154,506)	$ (32,734,718)	$ (30,907,991)	$ (34,389,012)	$ (25,262,699)
$ 32,851,565	$ 29,725,260	$ 27,486,731	$ 25,608,764	$ 23,307,395	$ 23,290,763
7,319,051	6,869,068	6,705,320	5,995,488	5,652,848	5,386,679
182,111	185,868	175,204	146,741	130,138	112,300
3,188,420	3,005,412	3,145,738	3,344,410	3,126,943	3,010,969
583,909	236,481	141,019	66,264	57,205	44,492
-	-	-	779,237	-	-
2,173,698	1,447,744	2,556,794	1,229,112	1,582,041	1,458,515
362,160	2,481,361	3,353,436	4,441,008	4,366,169	4,448,300
46,660,914	43,951,194	43,564,242	41,611,024	38,222,739	37,752,018
169,469	58,485	60,724	71,562	61,476	24,148
14,245	64,273	371,220	-		-
16,535	271,718	13,312	(114,908)	263,092	20,692
(362,160)	(2,481,361)	(3,353,436)	(4,441,008)	(4,366,169)	(4,448,300)
(161,911)	(2,086,885)	(2,908,180)	(4,484,354)	(4,041,601)	(4,403,460)
$ 46,499,003	$ 41,864,309	$ 40,656,062	$ 37,126,670	$ 34,181,138	$ 33,348,558
$ 3,361,843	$ 9,238,652	$ 1,467,910	$ 3,294,446	$ 1,283,497	$ 6,919,922
5,584,079	6,471,151	6,453,434	2,924,233	(1,491,371)	1,165,937
$ 8,945,922	$ 15,709,803	$ 7,921,344	$ 6,218,679	$ (207,874)	$ 8,085,859

City of Rowlett, Texas

Fund Balances Of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General fund					
Nonspendable:					
Inventories	$ 74,303	$ 61,242	$ 51,425	$ 54,678	$ 51,338
Prepaid items	100,571	71,291	94,868	95,188	98,171
Restricted for:					
Capital projects	2,372,642	2,134,295	875,267	-	-
Assigned for:					
Economic development	2,180,678	1,919,990	1,714,094	1,282,294	993,769
Capital acquisition	-	2,093	2,093	2,063	2,010
Unassigned	21,574,353	17,804,054	13,839,144	11,056,756	10,078,849
Total general fund	$ 26,302,547	$ 21,992,965	$ 16,576,891	$ 12,490,979	$ 11,224,137
All other governmental funds					
Nonspendable:					
Inventories	$ 75,227	$ 49,571	$ 35,620	$ 38,232	$ 50,452
Prepaid items	18,982	28,583	12,296	12,872	1,700
Restricted for:					
Debt service	2,168,175	1,715,706	1,280,623	977,804	670,762
Capital projects	53,748,361	56,628,752	56,846,310	45,736,428	39,785,516
Public safety	961,465	822,556	2,876,283	527,577	329,669
Community development	1,081,040	91,223	41,216	40,477	42,296
Public broadcasting	600,822	673,730	607,815	498,424	519,351
Assigned for:					
Capital acquisition	5,836,644	6,930,887	7,868,000	7,392,879	6,515,766
Capital projects	6,255,905	-	-	-	-
Unassigned	(128,659)	927,984	(422,076)	(86,727)	(145,982)
Total all other governmental funds	$ 70,617,962	$ 67,868,992	$ 69,146,087	$ 55,137,966	$ 47,769,530

Note: The City adopted GASB Statement No. 54 which changed the classification of governmental fund balances to nonspendable, restricted, committed, assigned, and unassigned.
Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 3

Fiscal Year				
2017	**2016**	**2015**	**2014**	**2013**
$ 65,823	$ 69,008	$ 87,466	$ 47,986	$ 54,199
73,499	85,300	50,394	55,242	64,737
48,753	90,720	419,332	1,791,258	321,096
803,104	802,739	877,378	302,712	305,589
1,987	16,463	88,910	107,488	364,692
7,793,076	6,845,704	5,624,402	5,473,122	6,065,516
$ 8,786,242	$ 7,909,934	$ 7,147,882	$ 7,777,808	$ 7,175,829
$ 43,479	$ 57,060	$ 84,105	$ 79,515	$ 64,582
11,641	493	9,549	14,336	10,775
548,037	30,018	990,821	478,102	443,330
23,777,330	16,713,319	13,635,339	6,782,080	5,493,204
425,873	457,709	627,877	1,156,528	1,551,418
71,121	82,140	12,012	6,934	6,934
384,721	299,470	246,895	124,213	70,402
7,485,985	4,573,534	2,009,791	-	1,443,519
-	-	-	-	-
(310,906)	(485,078)	-	(519,010)	(115,543)
$ 32,437,281	$ 21,728,665	$ 17,616,389	$ 8,122,698	$ 8,968,621

City of Rowlett, Texas

Changes in Fund Balances of Governmental Funds (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Revenues					
Taxes	$ 53,103,041	$ 50,227,003	$ 46,423,643	$ 43,100,479	$ 40,338,559
Franchise fees	3,203,398	2,861,016	3,046,127	3,141,369	3,181,008
Licenses and permits	4,273,554	2,741,608	2,337,219	2,120,446	3,012,473
Charges for services	4,796,487	3,971,424	3,659,032	3,849,206	4,033,166
Contributions	-	-	-	-	-
Fines and forfeitures	1,231,843	1,090,825	1,508,947	1,360,702	1,081,907
Intergovernmental	10,839,835	2,756,644	4,983,263	1,815,469	1,689,155
Interest	612,775	49,269	1,029,614	1,704,720	583,909
Miscellaneous	1,563,256	1,964,017	1,293,788	1,381,289	2,173,698
Total revenues	79,624,189	65,661,806	64,281,633	58,473,680	56,093,875
Expenditures					
General government	7,365,999	7,357,675	6,793,204	4,826,345	3,853,494
Public safety	29,840,599	27,113,259	26,061,801	24,487,703	22,545,405
Public works	9,017,492	9,599,886	6,481,591	6,891,163	6,704,659
Culture and recreation	5,412,329	5,078,823	5,028,783	5,498,493	5,108,152
Community development	4,015,009	3,315,756	3,176,257	3,300,535	3,185,585
Debt service:					
Principal	8,932,822	8,487,584	8,282,777	8,152,882	7,714,233
Interest	3,816,572	3,859,024	3,577,675	3,219,234	2,728,161
Other charges	142,680	248,923	243,636	213,777	345,280
Capital outlay	11,947,576	11,415,132	9,670,962	15,269,220	8,973,985
Total expenditures	80,491,078	76,476,062	69,316,686	71,859,352	61,158,954
Excess (deficiency) of revenues over (under) expenditures	(866,889)	(10,814,256)	(5,035,053)	(13,385,672)	(5,065,079)
Other Financing Sources/(Uses)					
Financed purchases	1,360,063	2,134,295	875,253	-	-
Issuance of refunding bonds	-	-	-	-	-
Issuance of bonds	4,175,000	10,010,000	18,185,000	18,285,000	21,055,000
Premiums on bonds issued	172,059	704,923	2,313,636	1,630,779	1,014,698
Payments to refunding bond escrow agent	-	-	-	-	-
Proceeds from sale of assets	134,176	68,827	12,395	376,171	32,827
RTU leased asset proceeds	1,261,823				
Transfers in	10,994,163	4,681,769	3,575,711	4,354,332	3,990,338
Transfers out	(10,171,843)	(2,646,579)	(1,832,909)	(2,625,332)	(3,257,640)
Total other financing sources/(uses)	7,925,441	14,953,235	23,129,086	22,020,950	22,835,223
Net change in fund balances	$ 7,058,552	$ 4,138,979	$ 18,094,033	$ 8,635,278	$ 17,770,144
Debt service as a percentage of noncapital expenditures	18.6%	19.0%	28.2%	21.7%	20.3%

Source: City of Rowlett - Annual Comprehensive Financial Reports

Table 4

Fiscal Year				
2017	2016	2015	2014	2013
$ 36,836,304	$ 34,354,402	$ 31,785,463	$ 29,122,683	$ 28,773,383
3,008,801	3,150,502	3,352,512	3,131,069	2,991,209
2,180,112	2,222,024	2,467,573	1,144,653	807,860
3,553,951	3,007,143	2,784,430	2,612,512	2,644,415
-	-	-	2,112,775	-
1,121,136	1,050,809	1,172,498	1,514,717	2,158,683
1,583,623	2,324,036	2,670,203	2,059,376	6,929,459
236,481	141,019	66,264	57,205	44,492
1,447,744	2,556,794	1,256,642	1,591,500	1,423,074
49,968,152	48,806,729	45,555,585	43,346,490	45,772,575
4,503,017	6,625,996	3,581,688	3,420,425	2,641,269
20,747,659	21,328,195	21,164,943	19,719,083	18,619,438
5,078,766	4,145,778	6,532,713	6,652,769	5,936,101
4,819,880	4,717,532	4,619,286	4,413,902	4,282,981
3,260,438	2,154,699	1,584,360	1,227,382	1,128,814
7,271,177	7,274,521	6,115,861	6,048,669	6,202,352
2,638,549	2,640,705	2,400,844	2,408,591	2,834,256
176,721	187,709	376,743	231,474	-
5,156,259	6,185,708	9,107,057	3,573,867	9,552,274
53,652,466	55,260,843	55,483,495	47,696,162	51,197,485
(3,684,314)	(6,454,114)	(9,927,910)	(4,349,672)	(5,424,910)
-	165,354	2,141,763	1,959,204	1,130,985
-	-	19,392,950	11,135,000	-
10,930,000	6,990,000	11,302,050	-	-
440,012	810,957	3,506,264	592,013	-
-	-	(22,661,960)	(13,946,658)	-
1,417,865	8,695	669,600	-	-
6,289,252	5,980,852	6,093,515	6,302,791	5,895,107
(3,807,891)	(2,627,416)	(1,652,507)	(1,936,622)	(2,009,432)
15,269,238	11,328,442	18,791,675	4,105,728	5,016,660
$ 11,584,924	$ 4,874,328	$ 8,863,765	$ (243,944)	$ (408,250)
20.4%	20.2%	18.4%	19.2%	21.7%

Table 5

City of Rowlett, Texas

General Governmental Tax Revenue by Source (Unaudited)
Last Ten Fiscal Years
(Modified Accrual Basis)

Fiscal Year	Property Tax	Sales Tax	Other	Total
2013	$ 23,274,404	$ 5,386,680	$ 112,300	$ 28,773,384
2014	23,339,695	5,652,848	130,138	29,122,681
2015	25,643,234	5,995,488	146,739	31,785,461
2016	27,473,878	6,705,320	175,204	34,354,402
2017	29,781,368	6,869,068	185,868	36,836,304
2018	32,837,397	7,319,051	182,111	40,338,559
2019	35,751,695	7,175,368	173,416	43,100,479
2020	39,118,294	7,206,313	99,036	46,423,643
2021	41,922,773	8,089,146	215,083	50,227,002
2022	43,811,559	8,855,809	435,673	53,103,041

Source: City of Rowlett - Finance Department

Table 6

City of Rowlett, Texas

Assessed Value And Estimated Actual Value
Of Taxable Property (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate
2013	$ 3,373,736,207	$ 176,427,230	$ 425,321,487	$ 3,124,841,950	0.74717
2014	3,383,659,486	176,507,810	443,668,413	3,116,498,883	0.74717
2015	3,565,803,997	185,318,990	465,920,605	3,285,202,382	0.78717
2016	3,846,233,547	185,674,030	444,452,200	3,587,455,377	0.78717
2017	4,304,356,460	194,001,341	563,443,777	3,934,914,024	0.78717
2018	4,805,306,971	192,345,557	613,501,169	4,384,151,359	0.77717
2019	5,451,019,219	193,634,834	716,778,867	4,927,875,186	0.75717
2020	5,895,477,445	202,636,225	685,970,774	5,412,142,896	0.75717
2021	6,095,957,646	200,072,331	704,588,543	5,591,441,434	0.74500
2022	6,684,353,394	211,800,549	703,791,278	6,192,362,665	0.74500

Source: Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District

City of Rowlett, Texas

Property Tax Rates
Direct and Overlapping Governments (Unaudited)
Last Ten Fiscal Years

	City of Rowlett Direct Rates			Overlapping Rates [1]				
				Dallas County Properties				
Fiscal Year	General Fund	Debt Service Fund	Total City	Dallas County	Dallas County Hospital District	Dallas County Community College District	Garland Independent School District	Total Direct & Overlapping Rates
2022	0.53854	0.20646	0.74500	0.22795	0.25500	0.12351	1.25630	2.60776
2021	0.52469	0.22031	0.74500	0.24974	0.26610	0.12400	1.25630	2.64114
2020	0.53756	0.21961	0.75717	0.25310	0.26950	0.12400	1.39000	2.79377
2019	0.53113	0.22604	0.75717	0.25310	0.27940	0.12400	1.46000	2.87367
2018	0.55119	0.22598	0.77717	0.25310	0.27940	0.12424	1.46000	2.89391
2017	0.55117	0.23600	0.78717	0.25237	0.27940	0.12293	1.46000	2.90187
2016	0.57792	0.20925	0.78717	0.25310	0.28600	0.12365	1.35330	2.80322
2015	0.54977	0.23740	0.78717	0.25310	0.28600	0.12478	1.25330	2.70435
2014	0.50477	0.24240	0.74717	0.25310	0.27600	0.12470	1.25330	2.65427
2013	0.49267	0.25450	0.74717	0.25304	0.27100	0.11938	1.25330	2.64389

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Rowlett. A typical property tax bill would consist of the City, School District, and County taxes; residents within the City of Rowlett are divided between Dallas and Rockwall counties.

Source: City of Rowlett - Finance Department / Dallas Central Appraisal District certified totals and Rockwall Central Appraisal District Tax rates are applied on each $100 of assessed value and are levied on 100% of assessed value.

Rockwall County Properties		
Rockwall County	Rockwall Independent School District	Total Direct & Overlapping Rates
0.313100	1.27360	2.33170
0.313100	1.31000	2.36810
0.325000	1.35000	2.43217
0.328400	1.43000	2.51557
0.349800	1.44000	2.56697
0.375900	1.46500	2.62807
0.395900	1.44000	2.62307
0.395900	1.46000	2.64307
0.395900	1.46000	2.60307
0.386400	1.47000	2.60357

Table 8

City of Rowlett, Texas

Principal Property Taxpayers (Unaudited)
Current Year and Nine Years Ago

	2022		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
BVFV Grand Prairie LLC	$ 278,888,880	1	4.50%
TX Harmony Apartments LLC	107,025,350	2	1.73%
Terra Lago Apartments LLC	57,261,440	3	0.92%
Sapphire Bay Land Holdings I LLC	57,002,770	4	0.92%
BSP Rowlett LLC	46,000,000	5	0.74%
Oncor Electric Delivery	43,547,500	6	0.70%
Rowlett Station Apartments LLC	42,785,590	7	0.69%
Atmos Energy	21,790,320	8	0.35%
Walmart Store Inc	20,570,080	9	0.33%
Briarwood Capital Corportation	17,899,090	10	0.29%
	$ 692,771,020		11.17%

Source: Dallas County Tax Office

	2013		
Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lake Pointe Medical Center	$ 41,322,840	1	1.32%
Oncor Electric / Texas Utilities	25,206,320	2	0.81%
Wal Mart	20,267,610	3	0.65%
Target Corporation	16,806,880	4	0.54%
Verizon	12,816,740	5	0.41%
NSHE TX Bay City LLC	12,000,000	6	0.38%
Arc LCROWTX001 LLC	9,792,140	7	0.31%
Gemni Rowlett Crossing LP	9,316,310	8	0.30%
Lakeview Parkview	6,900,000	9	0.22%
Safeway Inc	6,788,860	10	0.22%
	$ 161,217,700		5.16%

Source: Dallas County Tax Office

Table 9

City Of Rowlett, Texas

Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Total Tax Collections	Accumulated Delinquent Taxes	Percentage of Levy
2013	$ 23,111,624	$ 22,902,665	99.10%	$ 190,516	$ 23,093,181	$ 18,443	99.92%
2014	23,072,444	22,904,595	99.27%	146,895	23,051,490	20,954	99.91%
2015	25,318,845	25,128,168	99.25%	161,410	25,289,578	29,267	99.88%
2016	27,332,380	27,062,463	99.01%	233,221	27,295,684	36,696	99.87%
2017	29,530,076	29,350,720	99.39%	139,037	29,489,757	40,319	99.86%
2018	32,629,060	32,440,060	99.42%	134,816	32,574,876	54,184	99.83%
2019	35,578,007	35,343,132	99.34%	126,568	35,469,700	108,307	99.70%
2020	38,954,744	38,727,968	99.42%	-	38,727,968	226,776	99.42%
2021	41,740,796	41,515,929	99.46%	-	41,515,929	224,867	99.46%
2022	43,693,269	43,446,147	99.43%	-	43,446,147	247,121	99.43%

Source: Dallas County Tax Office - jurisdiction reports

City of Rowlett, Texas

Ratios of Outstanding Debt By Type (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Certificates of Obligation	Tax Notes	Financed Purchases	Bond Premiums
2013	$ 22,516,497	$ 31,765,000	$ -	$ 2,817,990	$ 1,524,918
2014	24,387,041	22,095,000	-	4,063,254	1,797,719
2015	59,613,462	880,000	1,235,000	5,299,215	4,917,122
2016	58,866,953	2,700,000	1,070,000	4,271,557	4,983,517
2017	63,893,994	2,545,000	895,000	3,233,339	4,681,208
2018	76,535,928	2,385,000	2,520,000	2,467,172	4,991,594
2019	88,351,413	2,220,000	1,785,000	1,683,805	5,913,643
2020	99,922,275	2,050,000	995,000	1,850,419	7,464,012
2021	102,844,376	1,875,000	185,000	3,570,029	7,290,832
2022	99,514,060	1,695,000	-	4,122,325	6,595,137

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Source: City of Rowlett - Finance Department

Table 10

Business-Type Activities							
Revenue Bonds	General Obligation Bonds	Certificates of Obligation	Financed Purchases	Bond Premiums	Total Primary Government	Percentage of Personal Income	Per Capita
$ 39,121,751	$ 11,841,752	$ 3,620,000	$ 3,487,159	$ 1,413,348	$ 118,108,415	4.09%	2,035
40,266,479	12,186,480	3,410,000	3,236,256	1,494,713	112,936,942	3.87%	1,931
25,330,000	13,926,538	225,000	3,419,277	2,565,541	117,411,155	3.83%	1,957
23,215,000	12,693,047	-	3,721,764	2,134,112	113,655,950	3.58%	1,887
21,030,000	11,191,006	-	2,773,624	1,733,707	111,976,878	3.40%	1,806
23,830,000	9,629,071	-	1,913,003	1,725,748	125,997,516	3.58%	2,004
26,450,000	8,198,587	-	1,028,678	1,749,647	137,380,773	3.54%	2,073
30,880,000	6,722,725	-	286,388	2,184,657	152,355,476	3.66%	2,263
35,665,000	5,220,624	-	89,634	2,368,345	159,108,840	3.93%	2,544
40,865,000	3,790,940	-	-	2,755,121	159,337,583	3.54%	2,503

Table 11

City of Rowlett, Texas

Ratios of Net General Bonded Debt Outstanding (Unaudited)
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds and Certificates of Obligations	Less: Amounts in Debt Service Fund	Net	Percentage Taxable Assessed Value [1]	Per Capita [2]
2013	$ 67,648,167	$ 249,778	$ 67,398,389	2.16%	1,161
2014	60,466,240	143,808	60,322,432	1.94%	1,032
2015	80,572,122	768,718	79,803,404	2.43%	1,330
2016	80,313,517	-	80,313,517	2.24%	1,333
2017	83,206,208	279,683	82,926,525	2.11%	1,338
2018	96,061,593	350,876	95,710,717	2.18%	1,522
2019	106,468,643	639,362	105,829,281	2.15%	1,597
2020	117,154,012	911,436	116,242,576	2.15%	1,726
2021	117,415,832	1,364,894	116,050,938	2.08%	1,856
2022	111,595,137	1,819,242	109,775,895	1.77%	1,724

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
[1] See Table 6 for property value data.
[2] See Table 15 for population data.

Source: City of Rowlett - Finance Department

Table 12

City of Rowlett, Texas

Computation of Direct and Overlapping Debt (Unaudited)
September 30, 2022

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Dallas County Properties:			
Debt repaid with property taxes:			
Dallas County	$ 236,605,000	1.67%	$ 3,951,304
Dallas County Community College District	110,835,000	1.67%	1,850,945
Dallas County Hospital District	559,905,000	1.67%	9,350,414
Garland Independent School District	424,040,000	20.96%	88,878,784
Rockwall County Properties:			
Debt repaid with property taxes:			
Rockwall County	132,010,000	5.57%	7,352,957
Rockwall Independent School District	692,843,438	6.68%	46,281,942
Subtotal, overlapping debt			157,666,346
City of Rowlett, direct debt			111,926,522
Total direct and overlapping debt			$ 269,592,868

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Rowlett. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

Source: Debt outstanding and estimated percentage applicable for taxing entities other than the City was obtained from the Municipal Advisory Council of Texas.

Table 13

City of Rowlett, Texas

Computation of Legal Debt Margin (Unaudited)

September 30, 2022

As a home rule city, the City of Rowlett is not limited by law in the amount of debt it may issue. The City's Charter (Section 6.04) states:

> The City Council shall have the power to levy, for general purposes, an ad valorem tax on real, personal, and mixed property within the territory of the City, not exempt from taxation by the Texas Constitution and the laws of the state, not to exceed a total of one dollar and twenty-five cents ($1.25) per one hundred dollars ($100.00) assessed valuation…

The City Charter (Section 7.01) also states:

> The City shall have the right and power to borrow money for public purposes by whatever method it may deem to be in the public interest. The City shall have the right and power to issue tax bonds, revenue bonds, and any other evidences of indebtedness for permanent public improvements or for any other public purpose not prohibited by law or this Charter…

Article 11, Section 5 of the State of Texas Constitution states in part:

> . . . but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such City…

The tax rate at September 30, 2022, is $ 0.745000 per $100 of assessed valuation, with assessed valuation being 100% of appraised value.

Source: City of Rowlett - Finance Department

Table 14

City of Rowlett, Texas

Schedule of Revenue Bond Coverage –
Water & Sewer Bonds (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Water and Sewer Charges and Other [2]	Less: Operating Expenses [3]	Net Available Revenue	Debt Service [1]		Coverage
				Principal	Interest	
2013	$ 25,357,867	$ 15,469,264	$ 9,888,603	$ 1,435,789	$ 382,656	5.44
2014	24,921,020	16,921,253	7,999,767	1,404,000	416,408	4.39
2015	26,608,183	17,126,482	9,481,701	1,333,158	348,908	5.64
2016	26,572,514	19,045,209	7,527,305	1,289,722	320,797	4.67
2017	27,958,290	18,637,098	9,321,192	1,237,059	293,765	6.09
2018	31,588,402	21,444,429	10,143,973	1,191,500	324,215	6.69
2019	32,580,074	21,977,734	10,602,340	1,322,500	390,859	6.19
2020	32,856,127	21,786,659	11,069,468	1,544,000	427,765	5.61
2021	32,295,881	21,399,304	10,896,577	1,783,250	466,963	4.84
2022	34,256,818	22,076,994	12,179,824	2,043,250	629,942	4.56

[1] Debt service requirements are the average annual requirements.

[2] Total revenues excluding interest income and including capital recovery fees.

[3] Total expenses excluding depreciation, interest expense, and fiscal charges.

Source: City of Rowlett - Finance Department

Table 15

City of Rowlett, Texas

Demographic and Economic Statistics (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Population [1]	Personal Income [2]	Per Capita Personal Income [2]	School Enrollment [3]	Unemployment Rate [4]	
					Dallas County	Rowlett
2013	58,043	$ 2,889,612,712	49,784	11,065	6.7%	6.1%
2014	58,476	2,917,250,688	49,888	11,050	5.7%	5.5%
2015	60,002	3,063,162,102	51,051	11,101	4.4%	4.0%
2016	60,236	3,175,581,684	52,719	10,696	4.0%	3.7%
2017	61,999	3,291,030,918	53,082	10,564	4.0%	3.7%
2018	62,868	3,520,356,528	55,996	10,368	3.7%	3.5%
2019	66,285	3,880,655,325	58,545	10,235	3.4%	3.3%
2020	67,339	4,159,058,657	61,763	10,064	6.6%	5.8%
2021	62,535	4,046,077,035	64,701	9,691	6.4%	5.2%
2022	63,671	4,499,120,202	70,662	9,680	4.1%	3.6%

[1] Texas is one of six states that the Census Bureau determined had a statistically significant undercount.

[2] U.S. Department of Commerce: Bureau of Economic Analysis. Per Capita Personal Income represents the Dallas-Plano-Irving, TX Metropolitan Division.

[3] Texas Education Agency Standard Reports - Enrollment. Totals include only students attending schools within City of Rowlett boundaries.

[4] Texas Workforce Commission

Sources: U.S. Cenus, U.S. Department of Commerce, Texas Education Agency, Texas Workforce Commission

Table 16

City of Rowlett, Texas
Principal Employers (Unaudited)
Current Year and Nine Years Ago

	2022				2013		
Employer	Employees	Rank	Percentage of Total City Employment	Employer	Employees	Rank	Percentage of Total City Employment
Garland ISD (City schools only)	992	1	2.54%	Garland ISD (City schools only)	1,092	1	3.53%
Baylor Scott & White Medical Center	780	2	2.00%	Lake Pointe Medical Center	686	2	2.22%
City of Rowlett	552	3	1.41%	City of Rowlett	372	3	1.20%
Wal-mart Supercenter	342	4	0.87%	Target Corporation	275	4	0.89%
DR Horton	298	5	0.76%	Wal-mart Supercenter	250	5	0.81%
Beacon Harbor Health & Rehab	202	6	0.52%	Senior Care at Lake Pointe	190	6	0.61%
Super Target	200	7	0.51%	DR Horton	165	7	0.53%
Home Depot	175	8	0.45%	Albertson's, Inc.	120	8	0.39%
Tom Thumb	150	9	0.38%	Rowlett Nursing Home	119	9	0.39%
Tri-Con Services	150	10	0.38%	H & S Manufacturing	82	10	0.27%
	3,841		9.82%		3,351		10.84%

Source: City of Rowlett - Economic Development Department and 2013 ACFR

City of Rowlett, Texas

Full Time Equivalent Employees by Function/Fund (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2022	2021	2020	2019	2018	2017
General government:						
City council	4.50	3.50	3.50	4.20	3.50	3.50
City manager	7.00	6.00	8.00	7.50	7.00	6.00
City secretary	4.00	4.00	4.00	4.00	4.00	3.50
Financial services	21.50	20.50	19.00	18.50	21.50	20.50
Information technology	7.50	7.50	7.00	6.00	7.00	7.00
Human resources	6.00	6.00	6.00	6.00	6.00	6.00
Buildings and grounds	8.50	8.00	8.00	7.00	7.00	7.00
Public safety:						
Police	140.75	134.75	131.25	120.75	116.25	116.25
Fire	111.00	100.00	89.00	88.00	79.00	79.00
Municipal court	11.02	11.52	11.52	12.00	7.00	7.00
Animal services	6.00	6.00	6.00	6.00	6.00	6.00
Environmental services	9.25	9.00	9.00	9.00	9.00	9.00
Public works:						
Administration and engineering	14.00	14.00	13.50	13.50	13.25	14.00
Streets	13.15	11.00	15.00	15.00	15.00	15.00
Fleet services	3.00	3.00	3.00	3.00	3.00	3.00
Water and sewer	34.85	35.00	35.00	35.00	28.00	28.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	1.00	0.50
Culture and recreation:						
Parks administration	3.00	3.00	3.00	3.00	3.00	3.00
Parks operations	21.00	21.00	20.00	19.00	18.00	18.00
Community centre	11.80	11.80	11.80	11.80	11.80	11.30
Wet zone	21.70	21.70	21.70	21.70	20.70	20.70
Library services	14.50	14.50	15.50	15.25	15.25	15.25
Development:						
Planning	9.50	8.50	6.50	6.50	10.00	10.00
Building inspections	13.25	12.50	13.00	13.00	10.75	10.00
GIS	2.00	2.00	2.00	2.00	2.00	1.00
Economic development	3.50	3.50	3.00	3.00	3.00	3.00
Total	505.27	481.27	468.27	453.70	430.00	425.50
Fund						
General	453.42	430.27	417.27	415.70	382.00	379.00
Water and sewer	48.85	48.00	48.00	35.00	45.00	44.00
Drainage	2.00	2.00	2.00	2.00	2.00	2.00
Refuse	1.00	1.00	1.00	1.00	1.00	0.50
Wet zone	n/a	n/a	n/a	n/a	n/a	n/a
Fleet services	n/a	n/a	n/a	n/a	n/a	n/a
Information technology	n/a	n/a	n/a	n/a	n/a	n/a
Total	505.27	481.27	468.27	453.70	430.00	425.50

Source: City of Rowlett - Finance Department Budget Book

Fiscal Year			
2016	**2015**	**2014**	**2013**
3.50	3.50	3.50	3.50
6.00	7.00	5.00	5.00
3.50	3.50	3.50	3.50
24.50	22.50	22.00	20.00
7.00	7.00	5.00	5.00
5.50	5.50	5.00	3.00
7.00	7.00	7.00	7.00
115.25	114.25	110.00	110.00
79.00	78.50	77.00	77.00
6.00	6.50	7.00	7.00
6.00	5.50	6.00	5.25
7.00	6.00	6.00	6.00
14.00	11.00	12.25	11.50
15.00	13.00	13.00	14.00
3.00	3.00	3.00	3.00
24.00	20.00	20.00	19.00
2.00	2.00	2.00	2.00
0.50	0.50	-	-
3.00	3.00	2.00	2.00
18.00	16.00	12.00	12.00
11.30	11.05	10.30	10.30
20.70	20.70	20.70	20.70
15.00	16.00	16.00	17.00
10.00	9.00	4.25	4.00
11.00	9.00	2.50	1.00
1.00	1.00	1.00	1.00
3.00	2.00	2.00	2.00
421.75	404.00	378.00	371.75
379.75	367.00	341.50	335.25
40.00	35.00	34.50	34.50
2.00	2.00	2.00	2.00
0.50	0.50	-	-
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
422.25	404.50	378.00	371.75

City of Rowlett, Texas

Operating Indicators By Function/Program (Unaudited)

Last Ten Fiscal Years

Function/Program	Fiscal Year 2022	2021	2020	2019	2018	2017
Public safety:						
Number of police employees	141	135	131	120	116	116
Number of citations	4,973	5,900	7,682	8,894	7,895	7,903
Number of fire employees	111	100	89	88	79	79
Number of fire calls	2,518	2,309	1,726	1,865	1,842	1,676
Number of EMS calls	5,351	4,688	4,012	3,736	3,717	5,095
Fire inspections	923	589	846	1,479	896	958
Public works:						
Asphalt replaced (tons)	9,269	640	480	-	9,350	4,480
Concrete placed (cubic yards)	7,530	6,141	10,252	20,597	12,970	2,704
Concrete pavement (sq ft)	328,387	210,874	419,400	842,589	530,606	110,619
Culture and recreation:						
Volumes in collection	77,314	76,857	77,636	77,211	74,816	81,083
Development:						
Permits issued	1,106	392	884	265	262	189
Water and sewer:						
Number of water customers	21,670	21,386	20,642	20,715	20,416	20,338
Average daily water consumption	7,822,274	7,261,488	6,307,057	6,199,263	5,992,052	6,926,000
Peak daily water consumption	18,357,000	15,508,000	17,111,000	13,089,000	15,576,000	14,375,000
Number of sewer customers	20,653	20,220	19,800	19,612	19,436	19,286
Average daily sewer usage	4,162,531	4,270,734	4,270,005	4,503,134	5,000,000	5,058,000

Source: City of Rowlett Departments

2016	2015	2014	2013
115	111	116	110
7,828	11,684	12,657	10,241
79	79	78	77
2,332	2,520	1,603	1,316
3,333	3,046	2,900	2,758
1,247	916	1,586	622
4,894	1,437	11,335	5,136
1,476	926	3,688	387
60,368	857	150,888	141,049
78,518	88,774	93,061	99,945
285	183	119	78
19,920	19,786	19,201	20,178
6,622,000	6,409,000	8,444,000	6,505,457
18,134,000	22,907,000	12,396,000	15,803,000
18,947	18,734	18,657	18,469
5,437,100	4,216,000	3,893,000	3,664,614

City of Rowlett, Texas

Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	Fiscal Year 2022	2021	2020	2019	2018	2017
Public safety:						
Police stations	1	1	1	1	1	1
Marked police units	49	42	47	37	37	53
Fire stations	4	4	4	4	4	4
Public works:						
Miles of streets	571	524	516	507	531	531
Miles of alleys	106	107	105	105	105	105
Culture and recreation:						
Parks acreage - developed	371	371	371	371	371	609
Parks acreage - undeveloped	314	314	314	314	314	374
Libraries	1	1	1	1	1	1
Water and sewer:						
Water mains (miles)	304	304	254	272	270	270
Fire hydrants	2,460	2,460	2,126	2,119	3,050	3,050
Sewer mains (miles)	266	266	232	250	250	250

Source: City of Rowlett departments

Table 19

Fiscal Year			
2016	**2015**	**2014**	**2013**
1	1	1	1
39	23	22	24
4	4	4	4
551	378	466	466
105	105	105	105
608	608	608	620
375	376	376	364
1	1	1	1
262	259	256	225
3,020	3,003	3,003	2,097
244	244	241	240

Rowlett
TEXAS

Single Audit Reports

Rowlett
TEXAS

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Mayor and Members of City Council
City of Rowlett, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Rowlett, Texas (the City) as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 23, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2023

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rowlett, Texas (the City)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Honorable Mayor and Members of City Council
City of Rowlett, Texas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 23, 2023

City of Rowlett, Texas
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures	Subrecipients
U.S. Department of Homeland Security, Federal Emergency Management Agency				
Direct Programs:				
2017 SAFER Grant	97.083	EMW-2017-FH-00209	$ 64,715	-
2019 SAFER Grant	97.083	EMW-2019-FF-01761	863,895	-
2020 SAFER Grant	97.083	EMW-2020-FF-01410	464,386	-
Total Assistance Listing Number 97.083			1,392,996	-
Passed through the Texas Office of the Governor:				
2020 SHSP PWERT Cache Enhancement 1	97.067	EMW-2020-SS-00054	12,000	-
2021 SHSP PWERT Cache Enhancement	97.067	EMW-2021-SS-00062	56,364	-
Total Assistance Listing Number 97.067			68,364	-
Passed through the Texas Division of Emergency Management (TDEM):				
2017 City of Rowlett Residential Safe Room Program	97.039	DR-4255-012	43,989	-
Total U.S. Department of Homeland Security, Federal Emergency Management Agency			1,505,349	-
U.S. Department of Treasury				
Direct Programs:				
Department of Treasury Equitable Sharing Program	21.016	N/A	77,866	-
COVID-19 - American Rescue Plan Act	21.027	N/A	6,851,443	-
Total U.S. Department of Treasury			6,929,309	-
U.S. Department of Justice				
Direct Programs:				
Department of Justice Equitable Sharing Program	16.922	N/A	59,237	-
Organized Crime Drug Enforcement Task Force	16.UNK	N/A	13,602	-
Bureau of Justice Assistance Bulletproof Vest Partnership	16.607	N/A	12,278	-
Total U.S. Department of Justice			85,117	-
U.S. Department of Housing and Urban Development				
Passed through Dallas County:				
Community Development Block Grant	14.218	B-18-MC-48-0047	66,176	-
Community Development Block Grant	14.218	B-19-MC-48-0047	158,730	-
Community Development Block Grant	14.218	B-20-MC-48-0047	181,326	-
Community Development Block Grant	14.218	B-21-MC-48-0047	74,403	20,000
COVID-19 - Community Development Block Grant-CV - CARES Act Formula Grant	14.218	B-20-MW-48-0047	60,373	60,373
Total Assistance Listing Number 14.218			541,008	80,373
Total U.S. Department of Housing and Urban Development			541,008	80,373
U.S. Department of Health and Human Services				
Passed through U.S. Food & Drug Administration:				
AFDO Retail Standards Program Grant	93.103	G-MP-2108-09732	6,634	-
Total U.S. Department of Health and Human Services			6,634	-
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commission:				
Interlibrary Loan Program	45.310	LS-24999-OLS-21	2,116	-
Total Institute of Museum and Library Services			2,116	-
Total Federal Assistance			$ 9,069,533	$ 80,373

See accompanying notes to schedule of expenditures of federal awards.

City of Rowlett, Texas

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2022

1. General

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of Rowlett, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements.

3. Indirect Cost Rate

The City has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

City of Rowlett, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2022

Section I. Summary of Auditor's Results:

Financial Statements

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weakness? _____ Yes __X__ None reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

Federal Awards

An unmodified opinion was issued on compliance for major programs.

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified that are not considered a material weakness? _____ Yes __X__ None reported

Any audit findings disclosed that were required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes __X__ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	COVID-19 American Rescue Plan Act

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as a low risk auditee? __X__ Yes _____ No

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None